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The Commercial and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The Canadian Government financing scheduled to reach market today, via public offering, had all the earmarks of an "out-the-window" operation judging by last-minute comments heard among bankers and dealers who are interested.

Involving three distinct issues, for an aggregate of $90,000,000 face value, the new bonds, carrying coupons in keeping with their respective maturities, carried strong appeal, not only for institutions but for individual investors as well.

As a matter of fact some dealers reported preliminary inquiry from the latter, for the longer terms 3s, due in fifteen years, indicated very strongly that many potential buyers for that issue would have to be turned away with the opening of the books.

The short-term 2½s, priced at 100 and similarly the ten-year 3s priced at 100½ naturally appealed chiefly to institutional buyers such as banks, insurance companies and trust funds.

The longer 3s, however, offered at a price of 98½ and offering quite a liberal yield in current circumstances, had strong appeal for individuals and there was a decided rush on the part of those who have not had similar opportunity in considerable time.

Replacing as they do $100,000,000 of 5s the new bonds mean a decided saving in interest for the

(Continued on page 188)

HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX
of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the tenth and final installment, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part X

The instinct to destroy that which is not understood, or which contradicts preconceptions, or which refutes the things we desire to believe, is deeply rooted in human nature. It is an intractable force that outlives cultures and defies definition, except that it is the effort of error for self-preservation; the residue of the human spirit after it has been filtered through cowardice and fear.

The bigotry which destroyed the glory that was Greece and the grandeur that was Rome, which martyred Hypatia and burned the libraries of ancient wisdom at Alexandria, has not perished from the earth. It is the most malignant force alive in the world today, although the extent of its evilness and its litany of hate is obscured in protestations regarding the purity of its objectives, which are camouflaged in fine phrases and described with more unction than accuracy.

That depressions and misery seem to be concomitants of capitalism justifies to self-appointed moral vigilantes, in their esoteric wisdom, the destruction of the system. That such a destruction would produce a condition in which depressions would be endemic instead of epidemic; in which

(Continued on page 191)

Our Reporter On "Governments"

Strength in the Government bond market recently has been surpassing the expectations of the most optimistic. . . . Daily advances, increasing buying, orders coming in from all over the country, premiums of more than ⅝ on the long 2½s, of ⅜ on the short 1¾s—everything looks wonderful. . . . It's almost too good to be true, especially when a $109 billion budget message doesn't even "ripple" the market. . . . January is historically a good month but considering the size of the December borrowing and the obvious outlook for financing totals, these rises are beginning to appear exaggerated. . . . Not that this observer wants to cast a pall on the beautiful picture but whenever a market seems to be running away, it's time to sit back, judge carefully and hesitate to move with the majority. . . .

There are signs that the advance is topping out, as a matter of fact. . . . January is well along now and the big buying of the first week is over. . . . Not that there is any reason to anticipate a decline of any proportion but it may be wise to hold off for some sort of reaction—technical at least—before rounding out positions. . . . And if you have all the bonds you need, wait for a while. . . . And take all action with the understanding that you're buying today because you want open market securities and can't wait until April. . . .

One of the major factors behind the rise recently, of course, has been the realization that we won't have a giant financing until April. . . . That probability was mentioned here weeks ago, along with the first forecasts of a better-than-expected subscription total. . . . Now that the market recognizes the length of the breathing spell investors are going to have, it is reacting according to Hoyle. . . . It may seem odd to mention "scarcity value" in a market of $100 billions of securities and shortly after a $13 billion deal has been completed, but there, in truth, is a prime factor in the strength! . . .

Chances are we'll have some interim borrowing. . . . There should be a financing in February, perhaps in a few weeks when the $1,588,000,000 of certificates of indebtedness due Feb. 1 come up for rolling over. . . . There may be another comparatively small bank deal and certainly the discount bills will be up every week.

(Continued on page 189)

INDEX

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Warren Brothers Company

A most remarkable and successful reorganization of the Warren Brothers Company of Boston, Mass., has recently been completed, upon their emergence from bankruptcy on Dec. 1, 1942.

The reorganization was based on a $13,151,607.19 appraisal of the Company's assets by Judge Brewster of the First District Court, Massachusetts. This valuation made it possible to include all classes of security holders in the reorganized Company. At first glance the structure of the reorganized Company may seem a little complicated with its two classes of bonds and three classes of stock, but in fact is very simple, and very little different from the former structure of the Company.

The Company held in its treasury $8,702,900 of Cuba Government bonds maturing equally in 1955 and 1977. The debt of the reorganized Company called for $4,150,000 of $4\frac{1}{2}$% bonds due in 1956 and $4,150,000 of 5% bonds due in 1977. These bond issues are secured in part by an equal amount of Cuban Government bonds and the balance of $402,900 the Company was authorized to sell to defray reorganization expenses. Each holder of a $1,000 bond of the old Company was given $1,400 of new Warren Brothers Company bonds, equally divided between the two issues, or, if one preferred, he could take $1,400 of the Cuban Government bonds. The holders of the new Warren bonds have the privilege of converting their new Warren bonds into a like amount of Cuban Government bonds with certain annual restrictions. The results of these privileges, plus the buying for the sinking fund which operated in December with an initial amount of $262,000, have reduced the debt outstanding over 50%. There are now outstanding $2,282,000 of $4\frac{1}{2}$s of 1956 and $1,751,000 of 5s income of 1977. Thus, in six weeks the debt of the new Company has been reduced from $8,300,000 to $4,033,000. The unique part of this plan is that each time a Warren bond is purchased, it releases a Cuban Government $4\frac{1}{2}$% bond to be sold and the proceeds are used to purchase additional Warren Brothers Company bonds and this when supplemented by 25% of the earnings of the Company, which are applied to the Sinking Fund establishes an almost perpetual retirement operation, and it is not at all unlikely that the debt of this company may be completely retired in about two years.

The company is engaged in the business of building roads and handles large construction work, and it is understood they have considerable Government orders on hand. At the close of the year, it had a large carry-over on its books. The company's current position is very good, current assets amounting to $6,215,987, and current liabilities, $3,128,000.

The capital stock of the company has been divided into three classes—Class A, Class B and Class C, all of which are unlisted, as is the case with the bonds.

Class A in the amount of 21,112 is entitled to $1.35 per share before dividends on the Class B and Class C stock can be paid and to $27 per share in case of dissolution or liquidation of the company.

Class B stock in the amount of 40,907 shares is entitled to $2.50 per share before any dividends on the Class C shall be paid and to $50 per share in case of dissolution or liquidation of the company.

Class C stock is outstanding in the amount of 236,862 shares.

The company earned for the

(Continued on page 192)

Canadian Industrial Activity Unchanged

The level of manufacturing, as measured by the index of industrial activity prepared by The Canadian Bank of Commerce, Toronto, was unchanged from Mid-November to Mid-December, the index remaining at 186 (1937=100) and the percentage of factory capacity utilized at 122. The food group moved to a new high with the output of flour and cereals in the lead, and with a slight increase in meat-packing. This rise was offset, the Bank stated, mainly by a decline in the automotive and the heavy section of the other iron and steel trades owing in part to re-tooling of certain units. The clothing group declined only slightly, while a rise in pulp and paper was counterbalanced by a fall in other wood products. Increased activity was indicated in the processing of non-ferrous metals.

The wage payroll index of the Canadian Bank of Commerce fell from 223 (revised) in October to 214 in November (1937=100). Manufacturing, mining and construction wages were lower, but in the case of many manufacturing concerns this was due to fewer pay days in the month. Logging, transportation and trade payrolls were higher.

The Canadian Bank of Commerce Index of Wholesale Prices in Canada
(1923=100)

Nov. 1942	Dec. 1942	Dec. 1941
92.87	92.63	89.27

Russell Zimmer With First Cleveland Corp.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Russell L. Zimmer has become associated with The First Cleveland Corporation, National City Bank Building. Mr. Zimmer was recently with M. A. Cayne & Co. and prior was in charge of bonds in the sales department of Borton & Borton, Inc. In the past Mr. Zimmer was with P. E. Kline, Inc. and in the investment department of Jackson & Curtis.

Cabble In U. S. Army

Joseph C. Cabble, Manager of the Bond Department of Abraham & Co., 120 Broadway, New York City, has left for active duty with the United States Army. He was recently tendered a dinner by the partners and employees of the firm.

Kalb, Voorhis Now A. Lewisohn Partners

Adolph Lewisohn & Sons, 61 Broadway, New York City, Members New York Stock Exchange, announce that John Kalb, manager of their investment research department, has been admitted as a general partner. Peter A. H. Voorhis, manager of the institutional department which operates in conjunction with the research department, has also become a general partner of the firm.

Mr. Kalb was formerly a partner of D. M. Minton & Co., where he served as economist and securities analyst. Previously, for many years he was with Clark, Childs & Co., and Clark, Childs & Keech in the same capacity.

Mr. Voorhis was formerly associated with D. M. Minton & Co. Before that time he was syndicate manager for Lehman Bros. Prior to these two connections, he was with the Guaranty Trust Company and J. P. Morgan & Co.

Admission of Mr. Kalb and Mr. Voorhis to partnership in Adolph Lewisohn was previously reported in the "Financial Chronicle" of Dec. 24, 1942.

Mueller & Currier Is Formed In Newark; Adams At J. S. Rippel

NEWARK, N. J.—Effective Jan. 15, the partnership of Adams & Mueller is being dissolved. Joseph R. Mueller in partnership with Cyrus R. Currier is on that date forming Mueller & Currier, 24 Commerce Street, to deal in investment securities. Mr. Currier was trading manager for Adams & Mueller.

Russell V. Adams, partner in the dissolved firm, will become a vice-president of J. S. Rippel & Co., 18 Clinton Street, specialists in New Jersey issues.

Mr. Currier is president of the Bond Club of New Jersey. Messrs. Adams, Mueller and Currier were associated with Mr. Rippel several years ago.

Mergenthaler Attractive

The no par common stock of Mergenthaler Linotype Company offers particularly attractive possibilities, not only as a so-called "war stock," but as a "peace stock" as well, according to a memorandum issued by Baker, Hughes & Treat, 40 Wall Street, New York City. Copies of this interesting memorandum may be obtained from the firm upon request.

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N. Y. Finance Institute Offers Spring Courses

Registration for the Spring term of the New York Institute of Finance is now open and applications for enrollment are being received at the school at 20 Broad Street. The school, which is the successor to New York Stock Exchange Institute, offers courses open to the public, especially designed for beginners in the business world, mature students of investment and finance and potential candidates for military service. This term the institute is offering specialized courses, which, it is claimed, are not available in any other school in the country. These include general business, investment analysis, brokerage procedure and military and civilian defense training courses. The class hours for most of the courses are from 5:30 to 7:15 and the tuition fees vary from $5 to $35. Full particulars and a detailed description of any course may be obtained by inquiring at the Institute.

Oak Park Federal Declares Dividend

Oak Park Federal Savings and Loan Association, 104 N. Marion St., Oak Park, Ill., declared their one and one-half per cent (1½%) dividend as of Dec. 31, 1942, thus making a 3% annual dividend paid by this institution.

Insur. Outlook Favorable

The current market letter of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, discusses the favorable position of insurance stocks with regard to both quality and performance. Also contained in the letter are lists of stocks and bonds which Goodbody & Co. considers offer interesting possibilities. Copies of the market letter may be had from the firm upon request.

DEALER BRIEFS

Cincinnati, O.

We find that many investors believe that another effort will be made this year to tax State and Municipal Bonds, directly or indirectly.

If this threat was removed by an early declaration of the new Congress we believe that there would be an improved demand for Municipal Bonds.—*Irvin F. Westheimer, Westheimer & Company.*

Philadelphia, Pa.

Good low priced high yield bonds are still PREFERRED by our clientele. Properly diversified they offer a reasonable degree of safety plus appreciation possibilities and yields ranging up to 10% or higher.

New York Real Estate Bonds offer some excellent chances for high yield and profit. In our opinion dealers in the West and Middle West would do well to pay a little more attention to this field in view of the growing scarcity of Industrials, Utilities and Rails.—*Lilley & Co.*

He would be a bold man who would attempt to do much predicting at the beginning of this Year of Grace, 1943, but we in Philadelphia have the feeling, based possibly on wishful thinking, that the country's securities markets may take on a semblance of life. The numerous special offerings of blocks of stocks of the great industries have distributed these shares more widely than ever before and, automatically with this distribution, there must come an increased interest, not only in these special situations, but in the market generally.

The first job, of course, is to win the war, and the inevitable tax burden which that entails will certainly exert a retarding influence, but we believe that there is a great day of reconstruction coming, and the Broker and Dealer Fraternity may well trim sails and look hopefully for that dawn.—*A. C. Wood, Jr., A. C. Wood, Jr. & Co.*

NY Security Dealers To Hold Annual Dinner

The New York Security Dealers Association will hold its annual dinner on Thursday, Feb. 4 in the Grand Ballroom of the Waldorf-Astoria, it is announced by Frank Dunne, president of the Association.

Purolator Interesting

The current situation in Purolator Products, Inc., offers interesting possibilities according to a recent memorandum of Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of the memorandum may be had from Reynolds & Co. upon request.

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Stock Market Comment

The Presidential message delivered to Congress on Monday afternoon indicated the need of the Government's raising in the fiscal year starting July 1, 1943, an additional $16,000,000,000 of revenue. And although there had been some advance indications of the extent of the tax problem, the announcement that the Government would spend $100,000,000,000 dollars in the next fiscal year and would attempt to raise half of this total through taxes and forced saving still came as somewhat of a shock because of the staggering totals involved.

Investors generally will prefer to see a large share of the war costs met in this manner rather than by resorting unreasonably to loans which might, as time went on, damage the Government's credit and lead to disastrous inflation. However, the main question that concerns investors generally is one of impact; Just where will the impact of the new taxes fall? Will the increased tax load be carried primarily by individuals of all income groups, or is a far larger share to come out of corporate earnings?

It is important of course to realize that a sales tax can take up part of the slack, and the relation between outright taxes and forced savings is also significant. But by and large the tax philosophy is the thing to watch, for it is this philosophy that will determine whether the additional impact is to fall on individual incomes or corporate earnings. Developments on this score must be carefully followed, with particular reference to the hearings before the appropriate Congressional committees.

When a Stock Goes Up

Times without number one hears the comment that this stock or that is "going up." And we often wonder when the statement or the prediction is made whether or not it is fully understood what happens when a stock goes up and what is behind the advance.

When an individual buys an equity because he thinks it will "go up," it seems to us that he is merely saying to himself that he recognizes the worth of that common stock before it is generally recognized by others. For in buying an equity, hoping later to sell at a profit, an investor or a trader is proceeding on the assumption that someone else **will take his purchase off his hands** at a later date and at a higher price. And obviously if someone else is to buy later at a higher price the implication is clear that the investor feels that he is recognizing worth and merit before the other fellow.

(Many individuals of course are interested primarily in income. They will buy an equity because they feel its dividend is safe and secure and dependable. But apart from those who are buying income in this manner the purchase of an equity for profit implies the discovery of merit or growth before the crowd discovers it.)

Let us take a recent example: A few months ago shares of companies manufacturing oil drilling equipment were down pretty much at the year's lows. Then gradually there developed the

(Continued on page 182)

Fort Pitt Bridge Works

The Fort Pitt Bridge Works has been in business since 1896, and the company has a very modest capital structure consisting of $725,000 worth of first mortgage bonds (less $42,000 held in the Treasury which they have recently purchased in the open market, taking care of the 1943 sinking fund requirements and also part of the 1944 sinking fund) and 70,000 shares of $10 par common stock.

Fort Pitt is in a unique position because its plants are equally suited to war and peacetime operations. The change over from peacetime activities to a war basis took place almost overnight, and it is indicated that when peace comes, the Fort Pitt plants can be swung over to peacetime operations within 24 hours.

The Government's primary concern will be to create employment, and a large number of jobs can be provided by construction of new roads, bridges, the elimination of grade crossings, and the completion of construction programs which had been deferred by war.

Large profits have accrued from its participation in the war program, which has consisted of such activities as the fabrication and erection of the new Consolidated Aircraft Corporation Parts Plant at San Diego, California, also the new Glenn L. Martin Plant at Middle River near Baltimore, Md. and various steel mill extension jobs for Allegheny Ludlum Steel

(Continued on page 182)

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Security Analysts to Meet

At a meeting of the New York Society of Security Analysts, to be held on Friday, Jan. 15, at 12:30, the speaker will be Mr. W. F. Place, Vice-President of the New York Central Railroad. Mr. Place will discuss the financial problems of the New York Central.

The meeting will be held at Schwartz Restaurant, 56 Broad St. (4th floor), New York.

The Chairman of the meeting will be Pierre R. Bretey, of Goodbody & Co.

REAL ESTATE SECURITIES

Original First Mortgage of $6,500,000 on Two Park Avenue Building Now Reduced to $5,160,000 Present Assessed Valuation $6,800,000

The 28-story Two Park Avenue Building was completed in February, 1928, being erected on a plot of ground having an area of 40,487 square feet and fronting 197 feet on Park Avenue, covering the entire block front between 32nd and 33rd Streets, with a depth of about 205 feet. The appraisal on which the $6,500,000 mortgage was made totaled $9,000,000 for the land and building.

Like many other properties, the changing conditions in the early 1930's made it difficult to pay 6% interest on the bonds and take care of serial maturities. Accordingly reorganization was consummated under jurisdiction of the State Courts as of Sept. 1, 1934, at which time the original mortgage had been reduced $624,500, so that under the plan only $5,875,500 new first mortgage bonds were issued.

The new mortgage indenture made provision for the distribution of earnings in the following order:

1. 4% Fixed Interest on First Mortgage.
2. Creation of a $100,000 Fixed Interest Reserve Fund at the rate of $25,000 a year.
3. Retirement of 2% of the First Mortgage.
4. 2% Income Interest on Second Mortgage Bonds.
5. 1% Additional Interest on First Mortgage Bonds.
6. 1% Additional Interest on Second Mortgage Bonds.
7. Any remaining surplus to be divided as follows:
   - ½ to revert to owners of property;
   - ⅓ of other half as a sinking fund for Second Mortgage, and
   - ⅔ of other half to retire first mortgage bonds at par by lot.

Provision was also made for use of earnings for capital improvements if in the judgment of the Trustee such improvements were for the best interests of bondholders.

Digest Of Record Since Reorganization

(a) 4% Fixed Interest paid each year, plus an additional 1% for years 1937 through 1940 and an additional .095% in 1942.

(b) $687,600 First Mortgage bonds retired by operation of Sinking Fund and $27,900 redeemed at par, a total of $715,500 retired since reorganization reducing issue to $5,160,000.

(c) Provided $100,000 cash for Fixed Interest Reserve Fund which is held by Trustee.

(d) Capital Improvements, amounting to about $400,000, including installation of a steam plant and an electric power and light generating plant have been made.

(e) A total of 14% interest during the period has been paid on 2nd mortgage bonds.

Occupancy of the property is currently about 95%. Two Government Agencies, the Federal Housing Administration and the Home Owners Loan Corporation absorbed most of the available vacant space in 1941, the leases running from Oct. 1st with annual renewal privileges but containing the usual 30 day cancellation clauses.

By application of the current market price, in the low 50s, to the outstanding $5,160,000 bonds, the resulting figure of approximately $2,580,000 seems low in comparison to the assessed value of $6,800,000, and the present day real value. Present rent rolls indicate 5% annual interest payments and at current market levels the bonds give a current yield of close to 10%.


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E. W. Hammell Rejoins Caswell Co. As V.-P.

CHICAGO, ILL.—Caswell & Co., 120 South La Salle Street, announce that Elmer W. Hammell, formerly with the trading department of their firm and more recently with Fred E. Busbey Co. in the trading department, has become reassociated with their organization as Vice-President. Mr. Hammell has long been identified with the trading of Chicago real estate securities, having also been in charge of the Trading Department and Statistical Department of Geo. M. Forman & Co.

James R. Buck Joins Daniel F. Rice Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — James R. Buck has become associated with Daniel F. Rice & Co., 141 West Jackson Boulevard, members of the New York Stock Exchange. Mr. Buck was formerly in charge of the Buying Department of the local office of Otis & Co. Prior thereto he was with Fred W. Fairman & Co. and was president of James R. Buck & Co. and its predecessor, Folds, Buck & Co.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

AKRON, OHIO — **Emil A. Schweitzer**, previously with Merrill, Lynch, Pierce, Fenner & Beane, has joined the staff of **Paine, Webber, Jackson & Curtis**, Ohio Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**William F. Dean** has been added to the staff of **William H. Coburn & Company**, 68 Devonshire Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Sven V. Platin** is now connected with **Joseph F. Dixon & Co.**, 105 South La Salle Street. Mr. Platin was previously with Thompson Ross Securities Co. and Dempsey-Detmer & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—**John A. Carrick** has become associated with **Langill & Co.**, 134 South La Salle Street. Mr. Carrick was formerly with Selected Investments, Inc. and Baker, Walsh & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**John C. Fanger** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Union Trust Company Building. Mr. Fanger was recently with Westheimer & Co. and prior thereto was with H. B. Cohle & Co. and Hill & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harry William Heinrich**, previously with Borton & Borton, Inc., has joined the staff of **Goodbody & Co.**, National City Bank Building.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Edward Hughes** has become affiliated with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Ave., North East. Mr. Hughes was formerly with C. F. Childs & Co. and Otis & Co.

(Special to The Financial Chronicle)

HINGHAM, MASS. — **Herbert E. Bancroft** has become associated with **Massachusetts Distributors, Inc.**, 111 Devonshire St., Boston, Mass. Mr. Bancroft was formerly in business as an individual dealer in Hingham and was President of Bancroft, Inc., Boston investment counsel firm.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—**Alan A. Reed**, formerly with C. W. Brew, has been added to the staff of **The Marshall Company**, 762 North Water Street.

(Special to The Financial Chronicle)

NEW ORLEANS, LA. — **F. J. Deimel, Jr.**, has been added to the staff of **Weil & Arnold**, Canal Building.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**Rex W. Dodge**, previously with Frederick M. Swan & Co., is now with **F. L. Putnam & Co., Inc.**, 97 Exchange Street.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **Charles C. McKinney** is now connected with **Ford R. Weber & Co.**, Spitzer Building. Mr. McKinney was formerly with Bliss Bowman & Co.

(Special to The Financial Chronicle)

WILMINGTON, N. C.—**Walter A. Wells** is with **Allen C. Ewing & Co.**, Murchison Building. In the past Mr. Wells was local manager for E. A. Pierce & Co.

Baltimore Traders Elect Quarles Pres.

BALTIMORE, MD.—At the annual meeting of the Baltimore Security Traders Association, G. Hudson Quarles of Stein Bros. & Boyce was elected president;

Hudson Quarles

Harry M. Sheely of Harry M. Sheely & Co. was elected vice-president; John G. Chenoweth of Baker, Watts & Co. was elected secretary, and Harry J. Niemeyer of Robert Garrett & Sons was elected treasurer.

John T. Baldwin of Alex. Brown & Sons and Edward B. Freeman of Lockwood, Peck & Co. were elected governors for a three year term, Louis P. Gundlach of Brooke, Stokes & Co. was elected a governor for a two-year term and E. Clinton Bamberger of Baumgartner & Co., Inc. for a one-year term.

The new president has been connected with Stein Bros. & Boyce for 17 years. He is a charter member of the association and has served in the past as treasurer, vice-president and member of the board of governors.

The Baltimore Security Traders Association is affiliated with the National Security Traders Association.

E. G. Longwell Now With Boettcher & Co.

DENVER, COLO. — Boettcher and Company, 828 Seventeenth Street, announce that Elmer G. Longwell has become associated with them. Mr. Longwell was formerly an officer and assistant manager of the municipal department of Brown, Schlessman, Owen & Co., with which he had been connected for nine and one-half years. Mr. Longwell who has been identified with both municipal and corporate trading, is widely known in trading circles.

Lang Named Bank Officer

Fred P. Lang, President of F. P. Lang Co., 40 Wall Street, New York City, dealers in municipal bonds, was elected Vice-President of The Maplewood Bank and Trust Co., Maplewood, N. J., at the annual meeting.

Mr. Lang has been President of F. P. Lang Co. since January, 1930. Prior to that he was a partner of Lewis and Co. of Hartford, Conn. He is also a trustee of Middlebury College, Middlebury, Vt.

Newburger, Loeb Branch

Newburger, Loeb & Co. announce the opening of a new branch office at 2091 Broadway, between 72nd and 73rd Streets, and the closing of their branch office at the Hotel Ansonia.

Tomorrow's Markets Walter Whyte Says—

Market action of past few years reviewed and lessons applied to current market. Public definition of news and its willingness to back its judgment a basic factor.

By WALTER WHYTE

Now that the customary year-end hoopla and the opening New Year hurley burley with its usual imposing array of annual forecasts has appeared, we can give more attention to the market as expressed by its own action rather than by what some people read into it.

* * *

Market discussions, however, must be based on past performances. Not that the past is any yardstick for the future, but only by comparing market action in the face of offerings and support levels can one decide what to expect if at a later date these previous levels are broken in either direction.

* * *

Into this breaking or holding of previous levels is packed all the news known or unknown. The only thing it does not express is human emotions. It is one of the real reasons why the application of the Dow Theory, or any other market theory, so frequently falls short of success.

* * *

First of all the market and its behavior is not ruled by any scientific formulas. Even economics — which incidentally I don't consider a science —is garbled and twisted in the market by the fears and hopes of the millions who make up its action. If anybody could explain for example why a major piece of news has a stimulating effect on the price movement at one time and is totally disregarded at another time, I think a closer definition of what makes good or bad markets would be obtained. But to get back to past performances.

* * *

In the last week I have been asked what I think of the market in the light of what it has done before. Leaving news entirely out of it here is what happened.

* * *

In the first few months of 1937 the Dow industrials made a high of about 200, the rails, about 65. By midsummer of 1937 both averages had declined, the industrials to about 175, the rails 55. A few months later the industrials rallied to about 190 but the rails only managed to add about 5 points. Then came a sharp break. The industrials declined to about 110, the rails, to under 30. For the rest of 1937 the market dragged and dragged.

* * *

Nothing new occurred until the spring of 1938 when another drive sent both averages down to new lows. The industrials declined to under 100 and the rails to under 20. Rest of the year was comparatively uneventful. The industrials managed to crawl back to across 150, the rails to about 35.

* * *

In 1939 the industrials fluctuated between a high of about 150 and a low of about 120; the rails between 25 and about 35.

* * *

Next year, 1940, was another bad one. From 150, the industrials broke down in midsummer to 110 or so; the rails went from 32 to about 25. Slowly both averages came back, the first to about 140, the second to about 30.

* * *

In 1941 the market was if anything less active than in 1940. The only thing of note was the advance in the industrials to about 140 from a midsummer 1941 low of about 115. The rails did practically nothing. By the end of the year both averages were again going down. The industrials down to 110; the rails to about 25. The next year, 1942, opened with the nation at war. The industrials showed no life to speak of but the rails shot up to just under 30 from a previous year's low of 25. Then both averages started again to decline. This time the industrials broke the much heralded danger point, 100, and the rails sagged down to just under 25. Bearishness was complete. It was then this column began recommending stocks again.

* * *

Well, you know what happened. 1942 saw the industrials advance to about 120 and the rails to about 30 again. As the present year, 1943, began the industrials were still at 120 but the rails had declined to about 28.

* * *

Now if you will go back to 1937 and follow the market trend up to the present you will see that as the market rallied each rally top was

(Continued on page 188)

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RAILROAD SECURITIES

The bonds of Lehigh Valley Railroad have been attracting considerable interest recently at progressively higher prices, and many rail bond men have been expressing the opinion that some of the senior liens, specifically the Lehigh Valley Rail Way 1st 4½s, 1950, appear substantially underpriced in relation to the junior bonds where much of the speculative interest has been concentrated. In fact, it is being noted that this particular lien is considerably out of line with strong senior liens of other weak marginal roads, such as Baltimore & Ohio and Lackawanna, whose fundamental position is considered poorer than than of Lehigh Valley.

Studies of the Lehigh Valley situation indicate earning power of the mileage securing the 4½s, 1950 as well above annual interest requirements on the bonds even in depression years, and justify a high degree of confidence in undisturbed treatment, except perhaps for extension of principal, even if the lessee company does have to go through reorganization at some later date. In fact, inasmuch as the Lehigh Valley Rail Way is a leased line, and considering the history of strong leased lines in the present crop of reorganizations, it is generally taken for granted that the 4½s, 1950 would not even be faced with temporary postponement of interest during any reorganization proceedings.

The bonds are secured by direct first lien on the main double-tracked lines of the system from the Pennsylvania-New York State Line to Buffalo. Freight density is heavy, and anthracite coal tonnage is less of a factor than for other sections of the system. This latter is considered a further element of relative strength for the mortgage as the loss of anthracite coal is basically one of the most unfavorable aspects of the Lehigh Valley system. Possible further post-war erosion of this traffic is one of the system's major uncertainties. Finally, the 4½s, 1950 are secured by a first lien on the major portion of the Tifft Terminal property in Buffalo and thus control a large volume of the road's important and profitable interchange business in that area. This interchange would be an important consideration in determining the status of the lien, and the value of the lease, in any reorganization.

Aside from the independent strength of the specific lien, it is felt that the market should give greater recognition to the possibility for strengthening of the entire credit position of the road under the stimulus of the war effort. At the time of the company's Chandler Act readjustment a few years ago bank loans were outstanding in the amount of $8,375,000 and there was $1,889,000 due to the RFC. Both obligations were put on a serial basis with final payments due in 1943 under the readjustment plan. The entire RFC debt has been retired and it is indicated that the bank loan had been reduced to $2,324,500 by the end of last year.

The terms of the Chandler Act readjustment call for a further serial reduction in the bank loans to $1,503,500 prior to maturity in November, 1943, but actually it is expected that the entire amount will be paid off this year. There is one other obligation stemming from the Chandler Act readjustment and that is the $4,675,387 of postponed interest on the General Consolidated Mortgage bonds, representing 75% of four semiannual coupons. This postponed interest does not actually start to fall due until May 1, 1944 but the sinking fund provides for prepayment of the obligation when earnings are available therefore. The sinking fund amounts to 75% of net income but 40% of the fund may be expended on capital improvements. The balance is first applied to reduction of the bank loan and then to prepayment of the postponed interest.

It is estimated that the earnings for 1942 will necessitate payment of half of the postponed interest on the General Consolidated bonds this year. While cash in the treasury would be sufficient to meet the full obligation, it is believed that the distribution will be held to the minimum actually required as the postponed coupons do not bear interest. It would be more profitable for the company to use what excess cash there may be for the retirement of outstanding mortgage debt with the consequent saving in interest. If this is the policy actually followed by the management, it is expected that the company should be in a position some time later this year to follow the lead of Baltimore & Ohio and invite tenders of bonds. This would presumably have a doubly salutary influence marketwise on the 4½s, 1950, which are underpriced on the basis of mortgage value alone and even without any prospect of company purchases.

We maintain net trading markets in most of the medium-priced Rail Bonds, particularly obligations of
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To Form Rand & Garfield

The New York Stock Exchange firm of Rand & Garfield, with offices at 61 Broadway, New York City will be formed as of Jan. 21. Partners will be William Rand, Exchange member, and Richard A. Garfield. Mr. Rand has recently been active as an individual floor broker and prior thereto was a partner in Burr, Gannett & Co.

Brady-Garvin Admit Baird

Earl S. Baird, member of the New York Curb Exchange, has been admitted to partnership in Brady & Garvin, 115 Broadway, New York City, Curb member firm. Mr. Baird has been active as an individual Curb floor broker.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Jan. 13 price—42¾.

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Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

January has always been an active and important month in the banking field. This year will be no exception. The year-end statements of condition have already been released and the annual stockholder meetings are under way. In this year of somewhat uncertain grace, the atmosphere of these meetings will be serious and generally sympathetic. There will be little occasion, or excuse, for criticism or recriminations such as sometimes characterized the bank meetings in prior years.

The contrast between the situation today and that of ten years ago (1933) is worth calling to mind. During the interregnum period from November, 1932 to March, 1933, the banking structure of the country tottered and fell. Depositors and stockholders alike were gripped by panic. Bank officers and directors were "on the spot." The annual meetings at that time were stormy and tempestuous. There was conflict and hostility between management and stockholders.

Today, those scars are healed. There is a common bond between those who receive the dividends and those who produce them. Both realize that they are in the same boat and must sink or swim together. The problems now are different from the problems of a decade ago—but their solution is just as difficult and just as urgent. The strain on the banking system is of a different sort but must be met with equal fortitude.

The battle now, as far as the home front is concerned, is not against Deflation but Inflation. The current bank statements are beginning to reflect the concentrated spending occasioned by the war effort. Deposits are growing by leaps and bounds. Holdings of Government Securities have risen to unprecedented levels but the "unprecedented" levels of today may pale into insignificance before the final accounting is rendered.

Meanwhile, the current statements indicate a very satisfactory level of earnings, both actual and potential. Many dividends, regarded as insecure only a few months back, are now being covered by a higher margin than ever before. The Revenue Act of 1942, although imposing the heaviest tax burden in history upon corporations and individuals, scarcely caused a ripple in the comparative bank earnings of the past two years. In fact, many banks actually reported higher earnings in 1942 than for the past several years.

Thus, 1942 was a long deep valley of uncertainty and apprehension between two peaks of relative calm. Bank stocks saw their best prices in January and December. Closing prices were near the best levels of the year, some 30% above the lows registered during the spring slump. It is easy to infer, at this time, that pessimism was overdone in the early part of the year.

On the other hand, it is recognized that the imposition of a 31% surtax on corporations (as originally proposed by the Treasury) would have cut deeply into bank earnings. Had this been enacted into law, many more dividends would indeed have been jeopardized. The rate of 16% ultimately established was, needless to say, a "life-saver" for the banks. This they have been able to absorb without difficulty and, in addition, allocate substantial amounts to reserve account.

The banks also benefited from a special provision in the new tax law which permits them to charge losses on bonds, not only Government but all types, against ordinary income. Other corporations, of course, do not enjoy this privilege.

During 1942, reserve requirements were lowered and rediscount rates were also reduced in respect to certain classifications. A move is now on foot to ease the situation even further. Reports from Washington suggest that Congress may be asked to consider two important changes in the banking laws as follows:

1. Exemption of all war loan deposits of the Government from the ½ of 1% F. D. I. C. assessment.

2. Exemption of all war loan deposits from the reserve requirements which range from 14% in the case of country banks to 20% for central reserve city banks.

With war expenditures expected to reach a level of 100 billion dollars this year, it is estimated that the banking industry may be obliged to lend the Government at least half of that amount. Of course V-loans will rise considerably and taxes will bring in large revenues so that it is not likely that the banks need take on $50 billion in additional securities. Some authorities place the figure at $25 to $30 billions.

In any event, both the supervisory officials and the bankers themselves are working closely and harmoniously together in this gigantic undertaking. Results from the public bond drive in December were extremely gratifying.

Ordinary commercial loans and private indebtedness generally are being rapidly reduced. When the war is over, there will not be a top-heavy accumulation of real estate loans, inventories and installment obligations to worry about. Most banks will be "clean as a whistle" in these respects. Therefore, bankers are showing much less concern over the present situation than they otherwise might. There will simply be one major problem, how to work off or dispose of our collective burden of debt, rather than thousands of individual items.

Thus, the banking industry enters a new year in good condition and without fear of the future. Like all the rest of us, the banks will perform their allotted job energetically, confidently and patriotically.

Fort Pitt Bridge Works

(Continued from page 179)

Corporation, Youngstown Sheet and Tube Company, Republic Steel Corporation, Jones and Laughlin Steel Corporation, etc. The company has also furnished gantry cranes for domestic and foreign war use, as well as a number of airplane hangars for various locations, including several for Pan-American Airways.

In 1941, the company earned, after all charges and taxes, $6.00 per share, and in 1942, even though sales were greater than 1941, due to increased taxes, the company is expected to show between $4.00 and $5.00 per share.

At the end of 1942, the company's backlog of orders was approximately 24,000 tons or almost twice as much as at the end of 1941.

In November, 1942, a dividend of $1.00 per share was paid, and recently the company declared a dividend of 25¢ payable to stockholders of record Feb. 1st.

Because of its ability to shift quickly into peacetime production, Fort Pitt Bridge Works is considered to have a promising outlook for profits after the war.

Stock Market Comment

(Continued from page 179)

feeling on the part of a few investors that oil exploration, both during the war and after the war, was bound to come into its own. And oil exploration means business, and we presume profitable business, for manufacturers of oil drilling equipment. So affirmative buying of equities in that group made a start. And as each week went by additional investors began to think along the same line—with the result that there was broadened buying and equities in this group appreciated 50% and more. Therefore an investor who purchased at the 50% advanced level, while realizing that he was not too prompt in making up his mind, nevertheless consciously or unconsciously must have concluded that a great many other individuals would be thinking along the same lines at a later date, which would allow him to dispose of his commitment at a profit, if he so desired.

We presume, as a matter of fact, that this same type of conscious or unconscious reasoning applies to the market as a whole. On any given day owners of equities may determine that the war outlook and the taxation prospects are discouraging, and they decide to liquidate. But at the same time there are many others who do not find the outlook too ominous, or who are firm believers in the likelihood of inflation, or who have confidence as to both war and post-war prospects for industry and are prepared to purchase equities. If the former group at any given time is substantially in the majority, the pressure to sell will push the market to lower levels. Conversely, if there is only nominal lack of confidence, and substantial assurance and faith, stocks move up to better levels.

Some of this, or all of this, may be more or less elementary. But perhaps it is fitting on occasion to remind an investor that when he buys a stock because he thinks it is "going up," he is saying to himself that someone else will take that purchase off his hands at a later date at a higher price because that "someone else" proves to be tardier in recognizing worth and merit or intriguing earnings and growth prospects.

RALPH E. SAMUEL & CO.

DIVIDEND NOTICES

COLUMBIA GAS & ELECTRIC CORPORATION

COLUMBIA SYSTEM

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 65; quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 55, quarterly, $1.25 per share

5% Cumulative Preference Stock
No. 44, quarterly, $1.25 per share

payable on February 15, 1943, to holders of record at close of business January 20, 1943.

DALE PARKER
January 7, 1943 *Secretary*

JOHN MORRELL & CO.

Morrell PRIDE meats

DIVIDEND NO. 54

A dividend of Twenty-five Cents ($0.25) per share on the capital stock of John Morrell & Co., will be paid January 30, 1943, to stockholders of record January 15, 1943, as shown on the books of the Company. Ottumwa, Iowa. Geo. A. Morrell, Treas.

Stock Transfer By Fed. Agency Tax Exempt

Louis Schade, Acting Director of the Department of Floor Procedure of the New York Stock Exchange, sent to members of the Exchange on Jan. 8 the following communication received from Mortimer M. Kassell, Deputy Commissioner and Counsel of the New York State Department of Taxation and Finance:

"In response to your letter of Dec. 17 please be advised that under Article 12 of the Tax Law no tax is imposed on a transfer of stock by the United States or by one of its instrumentalities such as the Federal Deposit Insurance Corporation, Home Owners Loan Corporation and Reconstruction Finance Corporation. The reason is that the New York stock transfer tax is laid on the transferor and a state may not tax the United States or its instrumentalities.

There is no statutory requirement that such a tax exempt transfer be accompanied by a certificate setting forth the facts. Obviously, such a certificate would not be needed where the transfer is directly from the United States or one of its instrumentalities. However, where stock belonging to the United States or one of its instrumentalities is given to a broker for sale and registered in the name of the broker, a certificate may be useful and the use of a certificate is recommended by the Tax Commission. It is necessary only that the certificate set forth the facts. The following form is acceptable:

'We hereby certify that the sale of the within shares was made for the account of the United States or an instrumentality thereof and, hence, no New York stock transfer tax stamps are affixed.

------------------- Broker.'

An exemption certificate may be used even though the broker in completing a sale delivers stock certificates which he has on hand and thereafter has those certificates replaced by certificates belonging to the United States or one of its instrumentalities. This procedure may be desirable when there is delay in having stock certificates belonging to a federal instrumentality transferred to the name of the broker and the broker is in a position to make an immediate delivery of other certificates. The important thing is that if an exemption certificate is used, the transfer must be for the account of the federal instrumentality.

In connection with the foregoing, I call your attention to the fact that no longer can an exemption from the New York stock transfer tax be based on the fact that the stock is transferred to the United States or to one of its instrumentalities. Formerly such an exemption was recognized. However, since the Supreme Court has overruled Panhandle Oil Co. v. Mississippi, 277 U. S. 218 (see Alabama v. King & Boozer, 314 U. S. 1) the reason for the exemption has disappeared and with it the exemption."

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1941 ......£150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1

Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda

Head Office: 26, Bishopsgate, London, E. C.

Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital	£4,000,000
Paid-Up Capital	£2,000,000
Reserve Fund	£2,200,000

The Bank conducts every description of banking and exchange business

Trusteeships and Executorships also undertaken

Correction

In the "Financial Chronicle" of Jan. 7 in reporting the association of Clifford Drake with Blair & Co., Inc., 44 Wall Street, New York City, it was indicated in the headline that Mr. Drake had become manager of the municipal department.

Mr. Drake has become associated with the municipal bond department of Blair & Co., Inc., which is under the management of George J. Gillies, vice-president of the firm.

The Securities Salesman's Corner

Butler-Huff & Co. Predicts Increased Use of Direct Mail During 1943. Issue Very Helpful Bulletin For Investment Dealers

Gas rationing, insufficient transportation facilities, smaller sales organizations will present additional problems during 1943, for both the salesman and the securities dealer. If you've been thinking about **direct mail campaigns** to get more business, Butler Huff & Co., 210 West 7th St., Los Angeles, have just issued one of the most informative, concise and helpful bulletins on this almost virgin field for security exploitation, that this column has ever been privileged to read.

It's a short course in the subject of **"How to do it"**! Concise, complete and packed with sound suggestions, which should give any alert dealer who wants to get at the job of selling by mail the right **"know how"** of this angle of security merchandising in one easy lesson.

Here are a few of the high lights:

The objectives of direct mail: (a) The development of inquiry which may be turned into orders, (b) reaching all clients regularly with ideas, information and offerings, (c) keeping the firm name constantly before clients and prospects, (d) getting clients and prospects into the office, (e) giving support to salesmen, (f) counteracting adverse news and markets, (g) opening up new territory.

Planning objectives in direct mail. They give you five good ones.

Creation of a mailing list. Some good suggestions as to how and where to get them and set them up.

The importance of regularity and consistency. Some interesting results of experience are given which tell you how long you must keep at it before you can begin to make it pay you. How to budget yourself so that you can know where you are going and the results you may expect.

The best types of securities that should be offered by mail. Some issues lend themselves naturally to mail presentation and others do not. (This is backed up by some pretty convincing illustrations.) What types of securities are best in the order of their importance, for direct mail exploitation.

Why a covering letter should accompany a prospectus or a prepared report.

When to use "Blind Offerings," and why. An idea that resulted in the sale of many thousands of shares of a certain security.

Use of the Special Bulletin.

The proper use of a "weekly news Bulletin" and a monthly bulletin. Costs are quoted. Their value, and their purpose is defined.

Costs are analyzed for different types of mailings. Suggestions and tested short cuts in mailing, printing and preparing are also covered. All in all, we say again, if you haven't received a copy and you are interested in "more business", we endorse the idea that you communicate with Butler Huff and tell them to send you a copy.

We are in a business that depends upon the same psychological factors for its success, as any other type of business. Merchandising is the answer—the business is there if we go after it in the "right way".

SEC Accounting Opinion On Disclosure Of Reserves

The Securities and Exchange Commission on Jan. 8 made public an opinion in its Accounting Series indicating the disclosure to be made in financial statements with respect to reserves established to provide for possible losses and other contingencies arising out of existing war conditions. The opinion, prepared by William W. Werntz, Chief Accountant, follows:

"In view of the material effects which war conditions may have on the results of operations and the financial condition of corporations, careful consideration must be given to the need for establishing appropriate reserves intended to provide for final settlement of war production contracts, for post-war readjustments, and for other possible losses or adjustments resulting from present conditions. Where such reserves are established, a full and accurate disclosure of the reserves established and the purposes thereof is required by Regulation S-X in financial statements filed with the Commission.*

"Since reserves such as those mentioned will differ in character, depending on the purpose underlying their establishment, the provisions of Regulation S-X that will be applicable depend to some extent upon the nature of the particular reserves. Reserves in the nature of valuation or qualifying reserves are required to be deducted from the assets to which they apply in conformity to Rule 3-11 of Regulation S-X. Others not relating to specific assets should properly be shown under Caption 32 of Rule 5-02—Reserves, not elsewhere shown. In still other cases the contingency or condition against which the reserve is provided may be so indefinite and problematical that the reserve is in effect no more than earmarked earned surplus and can best be shown as a subdivision thereof. Finally, in certain cases the reserve may reflect the estimated amount of an actual liability and should be shown as such. In any case the caption of each reserve or major class of reserves should be clearly descriptive of the purpose for which the reserve has been established. It should further be noted that Rule 12-13, which asks for supporting data as to all reserves not included in specific schedules, requires that the reserves be grouped and listed according to major classes under properly descriptive titles. While the instructions permit the grouping of special contingency reserves it would be improper, in my opinion, so to group reserves of the character under discussion or to combine them with other reserves as to fail to disclose clearly the various types of war contingencies and conditions for which reserves have been established.

"Classification and description of the charges made in establishing such reserves should likewise be given careful attention. In this connection it should be noted that Rule 3-19 (c) requires disclosure of the policy followed as to providing for depreciation, depletion, obsolescence, and amortization. Where establishment of a reserve of the type under discussion involves a modification of any of such policies, a clear statement is called for by the rule. Where the offsetting charges are not made to the profit and loss or income statement it will be noted that the schedules required in support of reserves call for a clear description of the circumstances. Where the offsetting charges are made to the income statement, it will be noted that Rule 5-03 requires the amounts, if significant, to be stated separately and clearly described, unless properly includible under the caption 'Cost of Sales,' which caption the rule does not require to be subdivided.

"Particular attention is also directed to the fact that the requirements of Regulation S-X are to be considered to be minimum requirements and that Rule 3-06 specifically requires that there 'shall be added such further material information as is necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.' However, care should be taken that no disclosure of information is made which would contravene the Code of Wartime Practices.

"Reserves of the character under discussion may in some cases indicate a future need of cash, as for example in the case of reserves for separation allowances. While the provision of funds to meet necessary expenditures is not a matter of accounting policy, it may be appropriate to point out that the mere establishment of a reserve will not of itself ensure the accumulation and availability of such liquid funds as may be required. Where such future cash requirements exist, independent consideration should be given, as a matter of financial policy, to the desirability of taking additional steps toward providing such funds, as by 'funding' the reserve through accumulation and possibly segregation of cash or liquid assets equivalent to the reserves established."

*Cf. American Institute of Accountants, Accounting Research Bulletin No. 13, "Accounting for Special Reserves Arising Out of the War," dated January, 1942.

Magid On Business Trip

Samuel E. Magid, Vice-President and Manager of the wholesale department of Hill, Thompson & Co., Inc., 120 Broadway, New York City, will leave shortly for his periodic trip through New York State, Pennsylvania, Ohio and the Middle West where he will inspect companies in the securities of which Hill, Thompson & Co. are interested for dealer distribution. He will also call on dealers throughout the territory.

J. E. A. McMeen Opens

(Special to The Financial Chronicle)

FT. WAYNE, IND.—J. E. Allen McMeen has opened offices in the Old First Bank Building to engage in a general securities business. Mr. McMeen was formerly secretary of G. Ward Beers & Co. and in the past was with Lincoln Securities Company.

Ft. Pitt Bridge Works Situation Interesting

Interesting statistical data on Fort Pitt Bridge Works Co. common and 6s of 1950 have been prepared by M. S. Wien & Co., 25 Broad Street, New York City. Copies may be had from the firm upon request.

Fed. Water-Gas Attractive

The situation in common stock of Federal Water and Gas Corporation offers attractive possibilities according to a memorandum issued by Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, Ill. Copies of the memorandum describing the situation in detail may be had from Doyle, O'Connor & Co. upon request.

BOND SERIES

INCOME SERIES

NATIONAL SECURITIES SERIES

LOW-PRICED BOND SERIES

PREFERRED STOCK SERIES

LOW-PRICED COMMON STOCK SERIES

INTERNATIONAL SERIES

FIRST MUTUAL TRUST FUND

Prospectuses upon request

NATIONAL SECURITIES & RESEARCH CORPORATION

120 Broadway, New York

Investment Trusts

NEWS NOTES

In a recent letter to this column, Walter L. Morgan, president of Wellington Fund and of the general distributor company bearing his name, makes the following comment with regard to the field:

"It seems a very interesting thing to me that the public is recognizing to an increasing degree the usefulness to which funds of this kind can be put and that this is definitely reflected by the gain in sales of all of the representative companies. I know that in our case . . . (it) is resulting in larger sales than we have had for many, many months.

"A further interesting feature in regard to our fund is that I do not believe there has ever been a period in our entire history from 1929 to date where we have shown a decrease in shares outstanding from month to month. In other words, while there always may be liquidations from time to time, in our case new participants coming into the fund have always offset any liquidations. This steady, constant growth, I believe, is unique and certainly a rare situation among mutual funds."

* * *

(Lack of space in last week's issue prevented us from completely "catching up on the news." The following items have been gleaned from the accumulated material on the editor's desk.)

On entering the year 1943, MIT's "Brevits" takes an optimistic look ahead. And as incidental comment, the performance of Boston Fund is compared with that of the 26 most popular stocks selected by the 801 leading contestants in Barron's Investing For A Widow Contest. The comparison covers the three-year period from Aug. 24, 1939 and includes dividends paid. The net change for Boston Fund was plus 9.4% as against minus 1.3% for the 26 most popular stocks.

Another excellent example of the kind of cooperation which investment companies are giving our Government in measures taken to finance the war is the letter, "Dollars For Victory," sent out by Massachusetts Distributors. This letter wholeheartedly promotes the purchase of Government bonds by investors and encloses a Cash Subscription form for the U. S. Treasury 2½s of 1963-68.

* * *

Total assets of the ten Keystone Funds increased by about $13,600,000 during 1942. Combined asset value of all the Funds is now approximately $42,000,000 compared with $28,379,000 at the close of 1941.

Net assets of the Series S2 Fund on Nov. 30, 1942 were $2,103,411, equal to $10.19 per share on the 206,324 shares outstanding. This represents an advance of 12.2% in net asset value per share since May 31, 1942, when net assets were $924,918 and there were 101,845 shares outstanding, giving a net asset value per share of $9.08.

"Keynotes" Investment Forecast for 1943 is unique in that the Investment Forecast for 1942, made at the end of 1941, is reprinted together with the current forecast. Thus the reader may evaluate the prognostications for the year ahead in the light of the accuracy of last year's forecast.

The Keystone Corporation has made attractive "capital" out of a financial column by Charles F. Speare in which Keystone Custodian Funds are described as "an exception" to the general experience of common stock funds during the period of declining security prices. The column is reprinted, together with supplemental material in a pocket-size folder.

"Last Call For Tax Saving," illustrated by an hour glass with the sand of 1942 running out, culminated the series of bulletins which "Keynotes" had devoted to tax discussions in the closing weeks of 1942. In short, punchy sentences the lessons of the previous bulletins were summarized.

"The Major Problem For 1943" is the topic of a later "Keynotes." Expenses up, income down—that is the problem. The solution offered is (1) to determine the market value of present investments, (2) consider the total as **new cash**, (3) select the classes of securities into which you would put this new cash under present conditions, and (4) check the current rates of return on these classes of securities against what you are getting on the present investment. Says "Keynotes": "This simple experiment may reveal a sound opportunity to increase investment income—to reduce or offset the shrinkage that will otherwise be suffered in 1943."

* * *

"About Dividends" is also the discussion of Calvin Bullock's "Bulletin." After recalling the dismay with which investors viewed future dividends prospects

(Continued on page 188)

Keystone Custodian Funds

BONDS

Business Men's Investment Bond Fund	B1
Medium Priced Bond Fund	B2
Low Priced Bond Fund	B3
Speculative Bond Fund	B4

PREFERRED STOCKS

Income Preferred Stock Fund	K1
Appreciation Preferred Stock Fund	K2

COMMON STOCKS

Quality Common Stock Fund	S1
Income Common Stock Fund	S2
Appreciation Common Stock Fund	S3
Low Priced Common Stock Fund	S4

Prospectus may be obtained from your dealer or from

THE KEYSTONE CORP. OF BOSTON

50 CONGRESS STREET, BOSTON

Municipal News & Notes

Declines in State gasoline tax revenues for September, October and November in the 17 eastern States where gas rationing was first introduced indicate that nation-wide collections from this revenue source will be stabilized by the mileage rationing program at 30 to 40% below revenues of the 1942 fiscal year.

Gas tax collections for the three months in 13 of the 17 States were 39, 34 and 32% under collections for the same months of 1941, the Federation of Tax Administrators reports. These declines reflect also the amount of non-essential driving eliminated in these States—in August, normally a month of heavy vacation travel, and in September and October, when non-essential driving normally drops.

The fact that gasoline rationing and other factors in the mileage rationing program brought about elimination of a high percentage of non-essential driving in the States rationed originally indicates the amount of non-essential driving that can be eliminated by motorists of the remaining States, which went under rationing Dec. 1.

This is indicated further by a comparison of gas tax collections of rationed areas to those of unrationed areas where "voluntary" mileage rationing was counted on to conserve rubber and automobiles. Gas tax collections for 29 unrationed States in September and 27 unrationed States in October and November were 17, 15 and 11% under 1941 collections for the same months, compared to collection drops of 39, 34 and 32% for the rationed States.

Estimates that gas tax collections of the 48 States for the 1943 fiscal year will stabilize at 30 to 40% below collections for the 1942 fiscal year are based, again, on collection experiences of the 17 originally-rationed States. Further collection declines in the newly-rationed States are not expected to dip quite so low as in the 17 eastern States, however, since motorists in newly-rationed States may now obtain one more gallon of gas a week—four instead of three—than eastern motorists. Should the gasoline shortage in the eastern States become acute enough to force rationing of only two gallons, however, a further State revenue drop might stabilize collections in these States to 40 to 50% below normal.

Niagara Bridge Unit Defaults Bond Interest

Interest due Jan. 1, 1943, on $4,000,000 Niagara Falls Bridge Commission 4¼% revenue bonds of 1970 has not been paid, marking the second bridge revenue issue to become delinquent since the impact of wartime traffic restrictions over Canadian border crossings. The original case was that of the Thousand Islands Bridge Authority, operating three structures crossing the St. Lawrence River. The Niagara Falls Commission built and operates the Rainbow Bridge which spans the Niagara Gorge and was opened in November, 1941. In a letter to bondholders dated Dec. 30, 1942, the commission reported total cash on hand of $62,821 to meet all charges, as against Jan. 1 bond interest requirements of $85,000. Operating costs for 1943 have been cut about 35% and the letter explains in detail the impact of the war on bridge operations. Accompanying the letter is a statement of the bankers who underwrote the bond issue, the text of which follows:

"It is our considered opinion that the difficulties of the Niagara Falls Bridge Commission are due solely to limited vehicular traffic resulting from causes inherent in the war effort of Canada and the United States. We believe that with the end of the war we may anticipate a resumption of our normal economy in which vehicular traffic is an essential factor. At that time the Rainbow Bridge should be an outstanding commercial success. We recommend that all bondholders patiently await the cessation of hostilities, confident that the Bridge Commission, during such time, will continue an economical and conservative administration.

Stranahan, Harris & Company, Inc."

Nassau County, N. Y., Extends Refunding Contract

The bond refunding contract between the county and Lehman Bros. and the Chase National Bank, New York, refunding agents, was extended to and including April 15, 1943, by unanimous vote of the Board of Supervisors at a meeting on Jan. 11.

The refunding agents report that of $5,660,000 bonds originally eligible for exchange and maturing in the years 1943-1947 both inclusive, $4,738,000, or approximately 84% have been exchanged. The remaining bonds eligible for exchange mature in the years 1946 and 1947.

Lehman Syndicate Offers N. Y. City Housing Bonds

A group headed by Lehman Brothers, Blyth & Co., Inc., Phelps, Fenn & Co., R. W. Pressprich & Co., Goldman, Sachs & Co., Harriman Ripley & Co., Inc., the First Boston Corporation and Smith, Barney & Co., all of New York, made public offering on Jan. 13, of $37,013,000 New York City Housing Authority refunding bonds, 1943, First and Second Issues, Series A, maturing from March 15, 1944 to 1981, from a

NEW ISSUES

Interest Exempt, in the opinion of counsel, from Federal Income Tax by the provisions of the United States Housing Act of 1937, and from New York State Income Tax by the provisions of the Public Housing Law of New York.

$37,013,000

New York City Housing Authority

Refunding Bonds, 1943, First and Second Issues, Series A

Dated September 15, 1940 — Due March 15, as shown below:

Legal Investments in the State of New York, in the opinion of counsel, for Savings Banks, Trustees and other Fiduciaries, Insurance Companies, the State of New York, its Subdivisions, Municipalities and all other Public Bodies and all Public Officers.

Amount	Rate	Due	Yield to Maturity	Amount	Rate	Due	Yield to Maturity	Amount	Rate	Due	Yield to Maturity or Price
$581,000	4½%	1944	.70%	$ 777,000	2½%	1952	1.50%	$2,013,000	2.20%	1963-64	1.95%
608,000	4½	1945	.85	796,000	2½	1953	1.55	2,104,000	2.20	1965-66	2.00
636,000	4½	1946	1.00	816,000	2¼	1954	1.60	2,197,000	2.10	1967-68	2.05
665,000	4½	1947	1.10	834,000	2¼	1955	1.65	2,291,000	2.10	1969-70	2.10
696,000	4½	1948	1.20	852,000	2¼	1956	1.70	2,390,000	2.10	1971-72	99½
720,000	2½	1949	1.30	872,000	2¼	1957	1.75	2,489,000	2.00	1973-74	97½
739,000	2½	1950	1.40	892,000	2¼	1958	1.80	2,590,000	2.00	1975-76	97
757,000	2½	1951	1.45	1,844,000	2.20	1959-60	1.85	5,927,000	2.00	1977-81	96½
				1,927,000	2.20	1961-62	1.90				

(and accrued interest)

The $33,827,000 bonds maturing March 15, 1949 to March 15, 1981 inclusive are redeemable, at the option of the Authority, on terms and under conditions referred to in the Resolution, at 105 on or after March 15, 1948 and at decreasing prices thereafter, but prior to maturity at not less than 101, plus, in each case, accrued interest.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by Hawkins, Delafield & Longfellow, New York, Bond Counsel of the Authority. These bonds are a part of a total authorized issue of $37,580,000 Series A bonds purchased by the undersigned, of which $567,000 Series A bonds maturing March 15, 1943 are not being offered for sale. A prospectus is available at the offices of the undersigned:

Lehman Brothers — Blyth & Co., Inc. — Phelps, Fenn & Co. — R. W. Pressprich & Co. — Goldman, Sachs & Co.

Harriman Ripley & Co. Incorporated — The First Boston Corporation — Smith, Barney & Co.

F. S. Moseley & Co. — Blair & Co., Inc. — Lazard Freres & Co. — Shields & Company — Union Securities Corporation

Stone & Webster and Blodget Incorporated — Paine, Webber, Jackson & Curtis — Reynolds & Co. — B. J. Van Ingen & Co. Inc.

Equitable Securities Corporation — Estabrook & Co. — Bacon, Stevenson & Co. — Harvey Fisk & Sons, Inc.

Graham, Parsons & Co. — Hemphill, Noyes & Co. — L. F. Rothschild & Co. — E. H. Rollins & Sons Incorporated — Eastman, Dillon & Co.

Roosevelt & Weigold Incorporated — Schoellkopf, Hutton & Pomeroy, Inc. — McDonald-Coolidge & Co. Cleveland — Darby & Co.

January 13, 1943.

.70% yield on the 4½% bonds of 1944 maturity to a dollar price of 96½ for 2% bonds maturing from 1977-1981.

The bonds are non-callable for five years and then become callable at 105 on or after March 15, 1948 and at decreasing call prices thereafter. In the opinion of counsel interest on the bonds is exempt from Federal Income Taxes by provision of U. S. Housing Act of 1937 and from New York State Income taxes by the provisions of the Public Housing Law of New York.

Other members of the offering group are: F. S. Moseley & Co.; Blair & Co., Inc.; Lazard Freres & Co.; Shields & Company; Union Securities Corp.; Stone & Webster and Blodget, Inc.; Paine, Webber, Jackson & Curtis; Reynolds & Co.; B. J. Van Ingen & Co., Inc.; Equitable Securities Corporation; Estabrook & Co.; Bacon, Stevenson & Co.; Harvey Fisk & Sons, Inc.; Graham, Parsons & Co.; Hemphill, Noyes & Co.; L. F. Rothschild & Co.; E. H. Rollins & Sons, Incorporated; Eastman, Dillon & Co.; Roosevelt & Weigold, Inc.; Schoellkopf, Hutton & Pomeroy, Inc.; McDonald-Coolidge & Co., Cleveland, and Darby & Co.

N. Y. Municipal Lawyers Resumes Former Name

The New York municipal law firm of Reed, Hoyt, Washburn & Clay, resumed as of Jan. 1, 1943, the former firm name of Reed, Hoyt & Washburn.

Cincinnati Sets Charges For Bond Conversion

We are advised by Arnold E. Majoewsky, Secretary of the Board of Sinking Fund Trustees, that in accordance with appropriate action taken at meetings on Jan. 6 of the city sinking fund trustees and the Board of Commissioners for the city school district, the Secretary is authorized, at the request of holders of registered bonds, to exchange them for coupon bonds. In making the exchange, the registered holder is required to pay the entire printing costs, plus a service charge of $10 per issue, together with any other and all mailing, insurance and other incidental charges, with a minimum charge of $45 for any one issue.

The Secretary was also authorized and directed to make a charge for the issuing of registered bonds at $1.00 for the first bond and $.50 for each additional bond. This charge shall apply not only for the conversion of coupon bonds into registered bonds, but also for the transfer of registered bonds into new registered bonds.

Superior, Wis., Effects Debt Levelling Program

Successful completion of a level debt service plan for the city has equalized its debt calendar to eliminate the necessity for additional refunding and permit a regular and orderly reduction of indebtedness, according to N. J. Sindelar, Director of Finances. Pursuant to the program, which terminated Oct. 15 last, $714,500 or 94% of the $760,000 eligible bonds were exchanged. The exchange proposal was conducted by a syndicate headed by the First National Bank & Trust Co., Minneapolis.

New Jersey And Local Units Improve Fiscal Standings

Continuing reduction of bonded indebtedness by the State of New Jersey and its local subdivisions, coupled with excellent current and delinquent tax collections, "is rapidly placing the credit of New Jersey municipalities on a par with the finest municipal credits in the United States." This view was expressed by Julius A. Rippel, President of Julius A. Rippel, Inc., Newark, in an article contained in the annual financial and business review section of the "Newark Sunday Call."

Referring to the municipal market in general throughout the recent year, Mr. Rippel said it "gave an exceptionally good account of itself during the first complete war year," despite the adverse effect of the persistent efforts of the Treasury to subject municipals, including outstanding issues, to Federal taxation. In rejecting these proposals, Mr. Rippel added, "the Congress recognized the deep, fundamental issues of the traditional relation between our National and State governments which are involved" in the Treasury moves.

44 Legislatures To Convene During Present Year

Forty-four State legislatures meet in regular sessions during 1943 and all will be confronted with a number of perplexing problems stemming from the war, according to a statement by the Council of State Governments. Of the total, 26 will convene during the month of January. Of interest, the Council said, is the fact that this year marks the second time—the other was in 1917—so many State legislatures have met with the nation actually at war. Most regular sessions were well under way, and many adjourned, when the United States entered the World War in April, 1917.

The States having legislative sessions in January are: California, Idaho, Montana, Ohio, Tennessee, Delaware, Minnesota, Nebraska, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Colorado, Connecticut, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New York, North Carolina, Vermont and Indiana.

Also Arizona, Arkansas, Georgia, Iowa, Oregon, Utah, Washington, Kansas, New Jersey, New Mexico, South Carolina, Texas, Wyoming, West Virginia, Wisconsin and Nevada.

Florida's legislature convenes April 6 and Alabama's May 4.

Major Sales Scheduled

Below we give a record of the major offerings included in the calendar of forthcoming sales. Our tabulation is restricted to issues of $500,000 or over and does not include note issues as these, generally speaking, are of no interest to the trade. In connection with the record, it should be noted that the City of St. Louis is expected to make an offering in the near future of $600,000 airport bonds. Moreover, the recent O. P. A. ban on pleasure driving in the Eastern States lends emphasis to the previous impression that reduced gasoline tax revenues may lead to refunding of highway bonds by some of the States. The State of Maine is a distinct possibility in light of Governor Sewall's suggestion that, due to decline in highway department revenue, the legislators "might well consider refunding certain highway bond issues maturing during war years in order to conserve funds for snow clearance."

January 16

$983,000 Orleans Levee District, La.
Proposed sale in December, 1941, was canceled because of poor market conditions. Previously, an award was made to R. W. Pressprich & Co., New York.

January 19

$500,000 Nashville, Tenn.
Previous award to Lazard Freres & Co. and associates, with Harriman Ripley account making the second high bid.

$988,075 Pasadena, Calif.
Holdings being offered by the City of Pasadena, Calif., consisting of $674,575 bonds of the city, the city high school district and the city school district, and $313,500 State of California bonds.

January 26

$7,900,000 Seattle, Wash.
John Nuveen & Co., account awarded previous loan, with Blair & Co., Inc., syndicate making next best bid.

February 1

$4,100,000 Maricopa Co., Ariz.
Bids for these bonds will be received by the State Treasurer in behalf of the county.

February 9

$1,600,000 Baltimore Co., Md., Metropolitan District Bonds.
Last offering of similar bonds was purchased by Alex. Brown & Sons, Baltimore, and Associates, the second high bidder being the Mercantile Trust Co., Baltimore, syndicate.

This is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

$90,000,000

Government of the Dominion of Canada

BONDS

$30,000,000 Five Year 2½% Bonds
Dated January 15, 1943 *Due January 15, 1948*

$30,000,000 Ten Year 3% Bonds
Dated January 15, 1943 *Due January 15, 1953*

$30,000,000 Fifteen Year 3% Bonds
Dated January 15, 1943 *Due January 15, 1958*

PRICES

Five Year 2½% Bonds 100% and accrued interest
Ten Year 3% Bonds 100½% and accrued interest
Fifteen Year 3% Bonds 98½% and accrued interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Bonds in compliance with the securities laws of the respective States.

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION ***SMITH, BARNEY & CO.***

HARRIMAN RIPLEY & CO.
Incorporated

WOOD, GUNDY & CO., INC. ***DOMINION SECURITIES CORPORATION***

A. E. AMES & CO.
Incorporated

Dated January 14, 1943.

Dime Savings Bank Of Brooklyn Issues Bank Statement In New Form

This year the Dime Savings Bank of Brooklyn has deviated from its former method of reporting its statement of condition to depositors and its statement as of Dec. 31, 1942 has been broken down in an entirely new manner which it is felt will make it easy for depositors to understand the meaning of the figures given.

The Bank's statement appears below together with other comments which have been made on the back of the statement pertaining to the Bank's activities which it is felt would be of interest to depositors.

To Our Depositors—The Dime Savings Bank of Brooklyn is a Mutual savings bank. It has no stockholders and is operated entirely for the benefit of its depositors. As a depositor, and one of the joint owners of the "Dime", we present to you the following report of activities for the year ending Dec. 31, 1942:

War Bonds—Beginning May 1, 1941, United States Defense Bonds (now called War Bonds) went on sale throughout the country. Since that date we have sold over $15,000,000 in War Bonds and Stamps as a patriotic service, without cost to the purchaser or the government; a task which has steadily increased in volume, especially since Pearl Harbor. Buy Bonds regularly out of current income; save regularly too in your savings account for taxes and emergencies.

Deposits—The general increase in employment and wages, due to the war effort, has been reflected, to some extent, in our deposits. During the past year there was deposited with the Bank over $30,000,000. During that year also, we had the pleasure of welcoming over 29,000 new depositors. These deposits for the most part have been invested in United States Government securities to help finance the war. At the present time better than 26% of our total deposits are invested in United States Government bonds. In addition to the safeguards of long experience and careful management, all deposits in this bank are further protected by our surplus (which now exceeds 34 million dollars) and by deposit insurance. Every dollar of every deposit is insured through the Mutual Savings Bank Fund created in accordance with the Banking Law of the State of New York and operative since 1934.

Mortgage Investments—Although shortages of building materials, priorities, and other government restrictions have practically stopped the building of new homes, thereby curtailing much of our usual mortgage activity, we made over 1,100 new mortgage loans during the year 1942. Of these loans more than 800 were F. H. A. insured, and many were in areas designated for defense housing. This housing of our war workers is a paramount adjunct to the success of our government's program.

Savings Bank Life Insurance—On Nov. 14, 1941 we rounded out our thrift service with Savings Bank Life Insurance. To date over 950 persons have availed themselves of this protection by subscribing to more than $800,000 of insurance. Savings Bank Life Insurance is one sound way to provide protection for yourself and your entire family. All standard forms of policies are available and the costs are surprisingly low. Ask for our booklet.

Safe Deposit—The problem of safeguarding valuable possessions took on new significance during the past year. The war has brought into being such new items of value as War Bonds and Stamps, selective service data, commissions, warrants, discharge papers, and other military records. New hazards have also arisen, such as the possibility of bombings and the increased danger of theft and fire during blackouts. During 1942 we rented over 3,400 safe deposit boxes to new renters. A safe deposit box is a sensible place for valuables. We cordially invite your inspection of our modern vaults.

Christmas Club—Our Christmas Club has always been one of our most popular services. Every year more and more depositors take advantage of this easy way to accumulate money for Christmas and other year-end expenditures. Last year more than 30,000 members enrolled. To these members we distributed on Dec. 1st Christmas Club checks totaling over $1,565,000. Why not join our Christmas Club and see how easy it is to get into the habit of saving regularly? Classes from 25 cents to $10 weekly.

Dividends—Our earnings for the year were satisfactory and sufficient to enable us to declare our 202nd consecutive interest dividend to depositors. This dividend, declared for the six months ending Dec. 31, 1942, was at the rate of 2% per annum. Deposits made on or before the third business days of January, April, July and October draw interest from the first day of such months and money on deposit on the first business day of all other months will draw interest from the first day of all such other months providing, however, that all of such deposits remain until the end of the interest period. Dividends are now being credited semi-annually on the first day of January and July.

We hope that this report will prove interesting as well as enlightening to you. Should any questions arise regarding it, we shall be very glad to answer them.

Philip A. Benson is President of the Dime Savings Bank of Brooklyn.

The Dime Savings Bank of Brooklyn
Statement January 1, 1943

RESOURCES

Cash on hand and in banks and trust companies		$14,121,666.16
Bonds:		
United States Government	$66,975,286.79	
Guaranteed by the United States Government	6,800,000.00	
States	290,422.60	
Municipalities	8,958,688.56	
Railroads	5,751,149.00	
Public Utilities	5,762,595.37	
		94,538,142.32
Investment in Savings Banks Trust Company and Institutional Securities Corporation		1,247,850.00
F. H. A. Insured Mortgage Loans on Real Estate		25,809,874.01
Mortgage Loans on Real Estate (Less Reserves)		101,855,345.37
Banking Houses		3,796,482.62
Other Real Estate		2,645,685.93
Interest Due and Accrued		1,438,119.62
Prepaid Taxes		61,826.73
Other Assets		63,585.49
		$245,578,578.25

LIABILITIES

Due 204,597 Depositors	$210,059,111.65	
Due 19,032 Christmas Club Depositors	145,843.75	
Mortgagors' Accounts—Interest, Taxes, Etc.	567,007.74	
Taxes and Expenses Accrued	342,000.00	
Other Liabilities	234,764.30	
		$211,348,727.44
Surplus at Investment Value		$34,229,850.81

Aldrich Of Chase Bank Says Tax Legislation Should Promote, Not Repress Initiative

The need for a new tax payment plan was pointed out in the annual report of Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of New York to the stock holders on Jan. 12. "It is commonly expected," said Mr. Aldrich, "that a new tax bill will be considered by the new Congress."

"With Federal expenditures necessarily increasing," he noted, "it is inevitable that the Federal Government will have to resort to higher and higher taxation. One of the main functions of wartime taxation is to draw off at the source funds which might otherwise pass into the stream of consumer expenditure and compete with the Government for goods already in great demand for the prosecution of the war. It is obviously impossible for the Government to obtain through taxes all it needs to balance the war budget; but the more it derives in that way, the less is the hazard of inflation. For these reasons the heavy and rising income tax payments are amply justified."

With respect to forthcoming taxation Mr. Aldrich stated:

"One of the most pressing needs is to eliminate the lag in income tax payments. When the Constitutional amendment authorizing the levying of taxes on incomes was adopted, the rates fixed in the successive statutes were relatively light. Though the lag in the payment of taxes was three months to nearly a year after incomes had been received and probably spent, the amounts involved were small enough so that they could be covered out of the next year's income without causing too many defaults. The case now is entirely different. Individual income tax liabilities have grown immensely, and unless the taxpayer has used exceptional self-restraint and foresight and has set aside funds in advance, he is almost certain to run into difficulties when the tax payment dates come around. Indeed, he can scarcely help it, unless he enjoys a higher income in each subsequent year or at least a reasonable continuity of income plus accumulated savings. With our great body of new taxpayers who received incomes in 1942 beyond their previous experience and who will find themselves confronted next March with tax bills equal at least to the earnings of several weeks, the Treasury runs the imminent danger of meeting a tremendous number of defaults."

Mr. Aldrich observed that in order to cure the "inequities due to the historical error of providing that this year's income taxes be assessed against last year's income, there are proposals from many quarters designed to put the American taxpayer on a pay-as-you-go basis." He went to say:

"Such proposals have the merit, from the fiscal point of view, of not affecting in any important way the tax receipts of the Treasury either upward or downward, and do not change the rates of taxation fixed by Congress. Windfall benefits due to changing the tax calendar can be eliminated, and the proposals aim to do this. The over-all advantage of these suggestions is that they adapt the timing of income taxes to reality, not only to the reality of the war years, but also to the reality of the future. The principle of these proposals should be adopted, and income taxes placed immediately on a pay-as-you-go basis. Congress has already recognized the principle of these proposals in the Victory Tax as part of the Revenue Act of 1942."

Mr. Aldrich likewise stated that "there is still another principle incorporated in the Victory Tax which can now be broadened with benefit to the whole country. This has to do with those sections which provide that some part of the taxes withheld in 1943 may be considered a credit against tax liabilities. The idea underlying these provisions might well be utilized in order to create a backlog of savings available for future

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882—Incorporated 1907
HARRIS TRUST BUILDING, CHICAGO

Statement of Condition

December 31, 1942

Resources

Cash on Hand and Due from Banks	$104,137,227.20
U. S. Treasury Bills and Certificates	65,163,000.00
U. S. Government Bonds and Notes	83,375,161.10
State and Municipal Securities	37,401,109.42
Other Bonds and Securities	41,681,740.50
Loans and Discounts	80,067,135.05
Federal Reserve Bank Stock	450,000.00
Customers' Liability on Acceptances and Letters of Credit	84,902.91
Accrued Interest and Other Resources	1,225,725.27
Total	$413,586,001.45

Liabilities

Capital	$ 6,000,000.00	
Surplus	9,000,000.00	
Undivided Profits	4,472,367.67	$ 19,472,367.67
Reserves for Taxes, Interest, Contingencies, Etc.		7,104,081.83
Acceptances and Letters of Credit		84,902.91
Demand Deposits	$362,417,799.36	
Time Deposits	24,506,849.68	386,924,649.04
Total		$413,586,001.45

$44,820,000.00 of U. S. Government obligations and $512,271.91 of State and Municipal securities are pledged to secure $29,749,754.62 of United States Government deposits and $14,617,685.90 of trust deposits, and to qualify for fiduciary powers.

Member Federal Deposit Insurance Corporation

Buy War Bonds

The FIFTH THIRD UNION TRUST Co.

CINCINNATI, OHIO

Statement as of December 31, 1942

Member Federal Deposit Insurance Corporation
MEMBER FEDERAL RESERVE SYSTEM

RESOURCES

Cash and Due from Banks	$63,961,493.44	
United States Bonds	62,997,285.41	$126,958,778.85
Other Bonds and Securities		10,021,025.91
Loans and Discounts		48,706,274.16
Federal Reserve Stock		300,000.00
Banking Premises Occupied		4,975,000.00
Other Real Estate		76,235.63
Customers' Liability Under Acceptances		39,533.53
Other Resources		654,947.18
TOTAL		$191,731,795.26

LIABILITIES

Capital Debentures	$ 900,000.00
Capital Stock	5,000,000.00
Surplus	4,200,000.00
Undivided Profits	1,179,782.18
Reserve for Retirement of Debentures	150,000.00
Reserve for Dividends Payable	50,000.00
Reserve for Interest, Taxes, Etc.	236,842.34
Liability Under Acceptances	39,533.53
DEPOSITS:	
Commercial, Bank and Savings	164,781,676.44
U. S. Government	15,029,221.75
Other Liabilities	164,739.02
TOTAL	$191,731,795.26

use." He contends that "it should be entirely possible to devise a tax measure which would at once produce revenues even higher than under present schedules and give the taxpayers additional purchasing power to meet future needs." Such a tax measure he said "could be so framed that some part of income tax payments would be refunded or otherwise made available to the taxpayers in the post-war period."

As to the objectives of tax legislation, Mr. Aldrich had the following to say:

"The tendency of tax legislation, if the American system of individual enterprise is to be preserved, should be toward promoting initiative and not toward repressing it. An outstanding contribution to the successful prosecution of the war has been made by American industry. Ours is an industry formed and developed under the system of private enterprise, which gives free play to initiative and ingenuity. It has produced results that no totalitarian system can approach. For the war years heavy and perhaps increasing taxation is to be accepted. But the objective of the Government should be not only to raise revenue but to give incentive to both management and labor for continuously greater production on the part of industry, and to avoid any measure which may have a contrary effect.

"Even in wartime no arbitrary limitation should be imposed on the net income retainable by any taxpayer. The amount of income available after taxes should be governed by tax laws having equal application to all persons in the same income group, and not by executive decree. It should always be remembered that the contribution of management to industrial production is vital."

In discussing the activities of the Chase National during the past year Mr. Aldrich stated that "the net earnings of the bank for the year 1942 amounted to $15,040,000 or $2.03 per share, compared with $14,518,000 or $1.96 per share in 1941. The net earnings for 1942" he said, "represent a return of slightly over 5% on the capital, surplus and undivided profits. After providing for the payment of semi-annual dividends of 70 cents per share each on Feb. 1 and Aug. 1, there was an increase of $4,680,000 in the undivided profits account during 1942."

The attention of the shareholders was directed by Mr. Aldrich to the condensed report of earnings which is presented as follows in the report, "substantially in the form recommended for the use of commercial banks by committees of the American Bankers Association and the New York State Bankers Association."

Current operating earnings:		
Interest on loans		$16,475,000
Interest and dividends on securities		20,299,000
Fiduciary fees, commisions, etc.		6,600,000
Total		$43,374,000
Current operating expenses:		
Salaries		$14,178,000
Other current operating expenses		15,831,000
Total		$30,009,000
Net current operating earnings		$13,365,000

Reconcilement of Surplus and Undivided Profits

Surplus and undivided profits Dec. 31, 1941		$140,640,000
Add:		
Net current operating earnings (as above)	$13,365,000	
Net profits on securities	1,675,000	
Net earnings for year 1942		15,040,000
		$155,680,000
Less: dividends declared		10,360,000
Surplus and undividend profits Dec. 31, 1942		$145,320,000

Mr. Aldrich cited as among the more important changes that which occurred in total deposit liabilities: he said, "on Dec. 31, 1942, the deposits of the Chase National Bank amounted to $4,291,467,000, a figure which is $756,500,000 over that of a year ago. This extraordinary increase in deposits is accounted for largely by a rise of $645,328,000 in the United States War Loan Deposit Account."

From the report of Mr. Aldrich we also quote:

"The average interest rate earned on all loans and investments of the bank during 1942 was 1.34%, the same as in the preceding year, but the average volume of earning assets employed during the year was 16% larger than for 1941. The average rate of interest earned on the bank's portfolio of United States Government securities in 1942 was .76%, compared with .59% in 1941.

"The expenses of the bank for the year 1942 showed an increase of 5.6% over the preceding year. About one-third of the increase represents a larger reserve set aside for payment of income taxes. The remainder represents the higher cost of supplies and services and the continuation throughout 1942 of the supplemental compensation payments to employees in the lower salary range on the basis initiated in the final quarter of 1941. Payments to the Federal Deposit Insurance Corporation amounted to $2,695,000 in 1942. The total assessments paid by the bank to that corporation since its inception, as required by law, have amounted to $14,345,000."

In its account of the meeting the New York "Times" of Jan. 13 indicated that Mr. Aldrich, interrupted the meeting to answer a list of questions sent by mail by an Army private now stationed in Camp Barkeley, Texas. The "Times" further reported:

"The communication was from Lewis D. Gilbert, "PFC," which Mr Aldrich explained to the stockholders meant Private First Class. But the stockholders did not have to be told that Private Gilbert, a stockholder of the bank, is one of the "Gilbert Brothers" who, for many years, have enlivened bank and corporation meetings of stockholders by asking reserves. Mr. Aldrich remarked that one of Gilbert's suggestions made at the annual meeting last year had now been put into effect. This was that special items be voted on separately by the stockholders. Yesterday, separate votes were taken on the acceptance of the chairman's report, on the election of directors, and a resolution to indemnify directors, officers and others of the bank for expenses in defending suits brought against them in connection with their official duties with the bank, where no negligence or wrong-doing is involved. The latter resolution is similar to that adopted in recent years by many banks and corporations. The vote on this resolution was 4,490,000 shares for, and 26,802 against."

Firm Changes Name To A. W. Smith & Co., Inc.

BOSTON, MASS.—A. W. Smith, president of General Investors Corporation, 111 Devonshire Street, announces that the firm's name has been changed to A. W. Smith & Co., Inc., in order to overcome some confusion caused by identification of the old name with General Investors Trust.

There is no change in officers and directors, or in the business of the corporation, which continues to distribute New England Fund and General Investors Trust.

ABA Capital Office Moves

The Washington office of the American Bankers Association, which has been in the Washington Building for the past five years, has moved across to the opposite side of the street to the National Savings and Trust Co. building, it is announced. The new address will be 719 15th Street, N. W.

Rentschler Of Nat'l City Sees Changing Times Continuing; Bank's Holdings Of Govts. Up

In his annual report to shareholders of the National City Bank of New York, on Jan. 12, Gordon S. Rentschler, Chairman of the Board, noted that the year was one "of great change," with conditions vastly different at the conclusion of the year from those at its beginning, and he stated that "it is clear that the war will bite deeper into the operations of this bank along with the country's whole economy." He added that it is the bank's purpose "to greet this as one more opportunity to demonstrate the essential character of the service of the banks to the country, in war and in peace, an opportunity for our bank and other banks to show their competence and their public spirit in carrying through effectively their part of the job that has to be done."

As an example of changing conditions, Mr. Rentschler cited the fact that at the end of the year the bank's income from its bond account "is much larger than at the beginning of the year, while the income from other sources is reduced and operating expenditures are higher." He further said "it seems inevitable that in the coming year our Government security holdings will again be largely increased," pointing out that in 1942 the bank's holdings increased 70%.

Chairman Rentschler declared that "to a steadily increasing extent the activities of this bank have centered around the nation's war effort" and asserted that "new loans have been largely for war purposes and other loans are substantially reduced as civilian output and purchases shrink before the expanding demands of war."

He reported that the combined net current operating earnings of the National City Bank and of the City Farmers Trust Co., its trust affiliate, for the year after provision for taxes and depreciation were $13,546,526 compared with $12,785,642 in 1941 (adjusted to the same basis). This, he said, represents $2.18 per share for 1942 and $2.06 per share for 1941 on the 6,200,000 shares outstanding.

The National City Bank's net current operating earnings for the year, after provision for taxes and depreciation, were $13,130,745, compared with $11,972,765 in 1941 (adjusted to the same basis). The operating earnings consisted of $13,102,685 interest on loans, $21,513,248 interest and dividends on securities, and $6,686,775 of other current operating earnings, while expenses included $955,349 interest paid, $12,595,776 salaries and wages, and $14,620,837 other operating expenses.

In a reconcilement of surplus and undivided profits, Chairman Rentschler noted that the bank had surplus and undivided profits of $95,391,094 at the beginning of the year and that adding net operating earnings of $13,130,746 and miscellaneous additions of $144,969 brought this figure to $108,666,809. With dividends declared during the year totaling $6,200,000 and transfers to reserves of certain items of income of $1,173,358 subtracted from the above figure, surplus and undivided profits at the end of the year stood at $101,293,450. The report further stated:

"Profits on sales of securities and recoveries, which are not included above, have been trans-

(Continued on page 189)

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

Statement of Condition December 31, 1942

RESOURCES

Cash on Hand and Due from Other Banks		$ 357,910,697.17
United States Government Obligations, direct or fully guaranteed		511,106,477.70
Other Securities		58,492,122.01
Stock in Federal Reserve Bank		900,000.00
Loans:		
Loans and Discounts	$ 86,589,026.19	
Real Estate Mortgages	15,791,615.24	
Overdrafts	29,154.49	102,409,795.92
Branch Buildings and Leasehold Improvements		1,088,046.17
Accrued Income Receivable—Net		1,659,438.58
Prepaid Expense		348,190.97
Customers' Liability Account of Acceptances and Letters of Credit		2,277,000.16
TOTAL RESOURCES		$1,036,191,768.68

LIABILITIES

Deposits:		
Commercial, Bank and Savings	$829,312,755.68	
U. S. Government	121,583,774.66	
Treasurer, State of Michigan	17,471,138.06	
Other Public Deposits	25,775,756.89	$ 994,143,425.29
Capital Account:		
Preferred Stock	8,500,000.00	
Common Stock	10,000,000.00	
Surplus	11,500,000.00	
Undivided Profits	6,414,925.28	36,414,925.28
Reserve for Common Stock Dividend No. 17 payable February 1, 1943		500,000.00
Reserves		2,856,417.95
Our Liability Account of Acceptances and Letters of Credit		2,277,000.16
TOTAL LIABILITIES		$1,036,191,768.68

United States Government securities carried at $167,827,002.69 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation

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FOR THE PLEASURE OF TASTING
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Royal Reserve
SCHENLEY ROYAL RESERVE, 60% Grain Neutral Spirits.
BLENDED WHISKEY, 86 Proof. Schenley Distillers Corporation, N. Y. C.

UP-TOWN AFTER 3

NEW MOVIES

"Shadow of a Doubt" (Universal) with Teresa Wright, Joseph Cotton, Henry Travers, Hume Croyn, Patricia Collinge, MacDonald Carey and others. . . . The entire cast under the direction of that ace spellbinder, Alfred Hitchcock, does a fine job in a picture full of tension as the ominous stillness of the air before a hurricane strikes. That the threatened storm holds off until almost the last reel doesn't detract from the quivering tension which underlies each incident of the story. This is a yarn about a manhunt, seen through the eyes of the hunted. A likeable young man (Joseph Cotton) escapes from a Philadelphia rooming house and two mysterious shadowers, and heads west to visit his married sister (Patricia Collinge) and her family in Santa Rosa, California. Her husband (Henry Travers), their eldest daughter, Charlie (Teresa Wright), named after her favorite uncle, and a precocious younger daughter and a small son, are overjoyed at the visit. Young Charlie feels the visiting relative will pull the family out of the stodginess she imagines it has sunk into. His sister is glad because he is her favorite brother. Her husband is happy because of the prestige a rich visiting relative would confer on him. But the manhunt soon involves the family. Mysterious poll samplers choose the group as a "typical American family." It is obvious their interest is not in the family alone. The first member to suspect the truth is young Charlie, a condition which almost ends in her death. The building up of the plot in slow, careful steps, serves to heighten the suspense, particularly with the audience kept in ignorance almost to the end, of who the mysterious callers are, and what and who is Uncle Charlie. Result is an accumulation of tense scenes which become almost unbearable in their throat-choking intensity. But if the undertones are sinister and handled skillfully, the lighter overtones dealing with the life and interests of the small town family are equally as good. In fact some of the scenes are first-rate comedy.

"Commandos Strike At Dawn" (Columbia) stars Paul Muni in a story rich with possibilities. Unfortunately they never develop. The plot, based on a magazine story by C. S. Forrester, tells of a Norwegian village before and after the Nazi new order. It tries to show how the oppressed villagers under the leadership of Paul Muni, a widower with a small daughter, form a fifth column to sabotage and harry the Nazis. After killing a Nazi official, Muni and a group of villagers escape to England and bring back British Commandos to destroy a hidden airfield. At this point fact departs and fancy takes over. For while the battle scenes seem realistic the raid itself is pure Hollywood. The raiding party stealthily sails into an unwatched fjiord under the command of no less than an Admiral. Arriving undetected, the Commandos announce themselves by the beating of drums and the wailing of bagpipes. The stupid Nazis, deaf as well as blind, fall a comparatively easy prey to the Commandos. But, having succeeded in their raid, the Commandos, as if to show their contempt, turn from their now destroyed objective to the village, for the expressed purpose of rescuing Muni's small daughter, held there as hostage. Paul Muni, Sir Cedric Hardwicke, Anna Lee and even Lillian Gish, star of the old silents, contribute their talents. But they add little to an average melodrama which suffers from bad writing and careless direction.

"Tennessee Johnson" (MGM) with Van Heflin, Lionel Barrymore, Ruth Hussey and others, in a picture which will probably turn out to be one of the surprises of the year. Without fanfare or the usual publicity, Metro comes up with a movie that deals with the life of Andrew Johnson and his times, in thoroughly adult fashion. As a biographical sketch it has not taken liberties with the truth. In simple fashion it describes the boy Andy Johnson, who escapes from a life as tailor's apprentice and sets up in business for himself in a small Tennessee village. An illiterate, he is taken in hand by the village librarian, Ruth Hussey, who teaches him the ABC's. Marrying her, she helps him in politics. He becomes a sheriff, Governor, Senator and finally the Vice-President of the United States. As a story of politics during Lincoln's day, it is a gripping recital. As a motion picture it is thoroughly enjoyable. As a dramatization of the politics which almost wrecked the Lincoln administration, it will hold your interest all the way.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 181)

lower than the preceding one. Only the rails, in mid 1939, broke through previous highs. As 1940 and 1941 came and went it was apparent that the industrial averages were meeting trouble on each rally in the neighborhood of 120 to 130 while the rails were finding 30-33 tough obstacle to overcome.

* * *

But if the upper obstacles were becoming clearly defined the support zones were also beginning to become clear. In the industrials they were, and are, 110-115; in the rails, about 25.

* * *

It would be simple to close with the statement that as the averages approach either the support or the supply areas stocks should be bought or sold. But the main obstacle—timing—still remains unanswered. And timing itself, depends a great deal on the human emotions mentioned at the beginning of this column. And human emotions depend in turn on the news factor.

* * *

If, for example, the success of United Nation Armies captures the public fancy, for one reason or another, and the industrials start picking up in volume across 120 you have every reason to assume that a 10 point move is in the making. If the news is not bad and the public continues lackadaisacal you can forget the market. It won't do anything. If the news turns bad—and here the home front comes into play—and the market starts flirting with 110 then you can expect a 10 point decline to about 100. To guard against the latter all stops in stocks recommended here must therefore still apply. And to prevent missing the first all commitments should be retained.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

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Entertainment after 11 P. M.

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Our Reporter's Report

(Continued from first page)

Canadian Government, and the loss of a handsome investment for holders of the latter.

Rail Liens Still Favored

After a momentary setback, coincident with the action of the Office of Price Administration and other government agencies in requesting the Interstate Commerce Commission to cancel freight and passenger rate increases granted the roads last spring, railroad bonds have come back rapidly into favor marketwise.

This section of the market is again affording both traders and investors their best opportunity for day to day trades and positions.

Such obligations received an added fillip from that part of the Interstate Commerce Commission's annual report in which it was suggested that the federal body might recommend that railroads segregate that part of their earnings arising from wartime rate increases for application toward reduction of funded debt and for betterments.

Southern Cuts Debt

As time wears on the financial world is getting an insight into what the easing of the Revenue Act as it applies to railroad debt actually means to the carriers.

And at the same time it makes clear the extent to which such issuers have been active in the market in picking up their outstanding obligations wherever possible at discounts.

The latest conjecture going the rounds indicates that Southern Railway, for example, will be shown to have retired some $10,000,000 or more of its debt up to Dec. 31 last, chiefly in the form of its 6s and 6½s.

Puget Sound Power & Light

Current indications are that there will be at least two groups bidding for the $52,000,000 of thirty-year first mortgage bonds and $8,000,000 of nine-year debentures when those securities are put up under competitive bidding.

It now looks as though the sale will be consummated early next month, unless something unforeseen develops to occasion delay. One banking group which has looked over the situation for some months, will be headed by Halsey, Stuart & Co. and Lehman Brothers, while a second group will be headed by Stone & Webster and Blodget.

There is said also to be a possibility that a third aggregation may be in the market at least for a part of the undertaking.

Revenue Bonds Vs. OPA

Revenue bonds, such as those backed by the facilities operated by the Port of New York Authority, and they are numerous throughout the eastern section of the country, are viewed as facing a long lean stretch from a standpoint of revenues produced.

A saving feature in the situation is found in the fact that heavy travel over recent years has permitted the building up of sizeable reserves by sponsors of such undertakings.

As a sample of the way in which revenues of many such projects have been cut, it develops that receipts of the Triborough Bridge Authority in December were virtually halved by comparison with the same month in 1941. And that was before the virtual ban on all "A" card vehicles put into effect a little more than a week ago.

Investment Trusts

(Continued from page 183)

in December, 1941, the bulletin points out that dividend cuts have been much less widespread than was anticipated. Dividend Shares, for example, was able to pay its stockholders the same per share dividends in 1942 as in 1941. Of the ten largest holdings in the portfolio on Oct. 31, 1942, seven paid the same rate of dividends in 1942 as in 1941. The bulletin concludes:

"Some investors are now no less inclined than a year ago to view the dividend prospects for the coming year with misgivings. The foregoing figures may therefore be worthy of consideration. For, on the basis of 1942 experience, investors who select securities carefully, diversify broadly and supervise constantly may expect to enjoy a satisfactory dividend return in 1943. This is another reason why, with admitted uncertainties ahead, shares of a well diversified and carefully supervised investment fund have attraction at this time."

The December issue of "Perspective" is replete with interesting charts comparing the course of various indices during the present war with their action in the first World War. The chart showing the greatest discrepancy in trends is that of the Dow-Jones Industrial Stock Average for the two periods.

* * *

"Prospects for 1943" is the title of the latest issue of Lord, Abbett's "Abstracts." The excellent Cleveland Trust Company bulletin of Dec. 15 is quoted at length.

* * *

Bull, Wheaton contributed a bulletin to the group advising on tax moves in the closing days of 1942 and added that "Republic has just put into practice what we are preaching here. As a result, profits of over a dollar per outstanding share may be taken during the next five years without subjecting the company to federal income taxes on them."

* * *

In a little booklet that "sparkles by virtue of its simplicity," National Securities & Research Corp. discusses selected discount bonds for income. The advantages of National Bond Series and National Low-Priced Bond Series are set forth briefly.

* * *

"Selections" closed the year with a bulletin in which the type matter was set in the shape of a Christmas tree. The comment was general and closed on this optimistic note: "This year's tree is heavily laden with many worthwhile gifts, among which is the growing recognition of the importance of this country's great industries, and of the essential nature of the contribution of those thrifty citizens whose savings have made those industries possible."

* * *

Distributors Group has recently issued sales folders on the Aviation Shares and the Petroleum Shares of Group Securities. The former is a revision of the popular and graphic story headed, "Is There a 'General Motors' of the Aviation Industry?" and bearing the picture of a 1909 "jallopy" on the cover. The latter is a well prepared outline of "What the Petroleum Industry Offers the Investor Today."

Dividends

Manhattan Bond Fund—Ordinary distribution No. 18 amounting to $0.10 per share and an extra-ordinary distribution amounting to $0.03 per share payable Jan. 15 to stockholders of record as of Jan. 5, 1943.

Our Reporter On "Governments"

(Continued from first page)

. . . But as far as the big operation is concerned, April seems to be the logical month for that. . . .

And April is far enough way to justify the buying that is now going on in the Government mart. . . .

INSIDE THE MARKET

Dealers beginning to fret about advance fear it can't last and don't want to see any serious setback. . . . Trading volume is going along at a fine pace. . . . Some speculation in 1¾s reported. . . .

"When you can get 11/32 on a five-year bond carrying 1¾% interest in a couple of weeks, you're in a booming market," remarked one professional. . . . And that sentence is worth studying, for therein lies the story of what has been happening recently. . . .

Some worry about tax-exempt comment of the President in his budget message but general feeling is this Congress will be even less disposed than the last to eliminate tax exemption features on municipals. . . . If anything is done, it will apply to future, not present issues, it is said. . . . As for Governments, the message held no unexpected items. . . .

Much credit for successful market reaction attributed to fact that premiums appeared immediately and have been added to steadily. . . . It's a long time since we've had premiums on new issues—premiums worth talking about, anyway. . . .

Contrast between price moves now and price moves following the October deal is dramatic, indicative of just how closely Secretary Morgenthau came to a really bad failure last fall. . . . "Cutting corners" may save us a million or so in interest over a period of years, but it's a penny-wise-pound-foolish philosophy as far as Government financing goes. . . . And the Treasury finally seems to have adapted itself to that idea. . . .

Popularity of the certificates of indebtedness suggests Morgenthau would be wise if he built up the new issue due to refund the February ⅝s. . . . Possibility that issue may be increased by $1,000,000,000. . . . Could be done easily. . . .

Yield on maturing ⅝s is 31%. . . . All c.is are at premiums. . . . Issues maturing in February and May are smallest on list, $1,588,000,000 total of ⅝ comparing with $3,795,000,000 of ⅞s of December outstanding. . . .

Story from informed sources is decision has been reached on continuing Victory Fund Committee salesmen on a non-payment basis. . . .

Even Victory Fund Committee managers and salesmen themselves admit difficulties of determining payment basis are terrific and impression on buyers would be unfavorable. . . . One fear expressed by high officials is that payment of salesmen "would bring back the undesirable 10% fringe and spoil a lot of good-will we have built up." . . . Also payment would kill voluntary efforts, would involve delicate job of distributing customers. . . . Canada's record considered of little value because of great differences in setup there. . . .

THE NEXT LOAN

Beyond question, the Victory Fund Committee setup has been proved a success and will be continued. . . . Beyond doubt, the success of the December drive must be attributed in large part to the masterful way in which the distribution was handled. . . . The Treasury knows that fact and so do the men who carried on the operation. . . . But there will be changes when the next one comes along. . . . Already, the experts are discussing revisions to be made, working on the spring deal. . . . The Victory Fund Committee structure is going to be permanent and so the committees may go ahead with plans in confidence. . . .

One bad feature of the last deal was the repetition of solicitations. . . . Some of the big buyers were deluged by salesmen. . . . Calls poured in again and again. . . . The competition between groups was fine but the duplication of sales efforts must be eliminated if subscribers are to be kept in good humor, say the salesmen. . . . So the chances are this time the competition will be arranged on a more orderly basis. . . . Lists will be worked out long before April, will be distributed long before the day for the announcement. . . . And this time there will be no crossing of wires—if the managers can achieve that goal. . . .

Another angle to be considered is that from now on, the salesmen will have to dig down to lower levels. . . . In December, the big buyers came out eagerly because they had the cash stored up. . . . The Treasury didn't have to convince the insurance companies and banks of the East that the 2½s and 1¾s and the certificates were good buys. . . . Those investors knew as much about the offering as the committee members and were all set. . . . Similarly, solicitations of the big corporations were easy because the "cream was being skimmed off." . . .

But in April, much of this money won't be available for the simple reason that it is in Government bonds now. . . . That means selling will have to be more professional. . . . It means the committees will have to work down to the "middle groups." . . . It means that the institutions of the mid-West and West will have to come through in larger numbers and on a greater scale. . . .

Some talk of separating the bank financing part of the deal from the rest in order to simplify the setup and permit greater concentration on individual and corporate subscribers. . . .

Also considerable discussion of the advisability of combing the Victory Fund and War Savings structures so that the unnecessary and often bitter competition between these two groups may be eliminated. . . .

As for advertising, that's another ticklish one. . . . The way the advertising situation was handled in December may be all right for one campaign but chances are it won't be continued. . . . The Treasury may have to contribute more next time if it's to get all-out cooperation. . . .

Seaboard Outlook Good

The current situation in Seaboard Air Line Railway Company offers interesting potentialities with a favorable outlook, according to a circular just issued by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of the circular containing details on Seaboard Air-Line and the recapitalization plan offered by the Receivers may be had from the firm upon request.

Rentschler Says War Changes Will Continue

(Continued from page 187)

ferred directly to reserves. Profits on sales of securities in 1942 were $2,592,421 as compared with $6,406,663 in 1941, reflecting largely the change in the condition of the Government security market.

"After all transfers to reserves there remained $12,102,356 or $1.95 per share. From this dividends of $6,200,000, at the annual rate of $1 a share, were paid, and $5,902,356 was carried to Undivided Profits.

"At the year-end, capital stood at $77,500,000, surplus at $77,500,000 and undivided profits at $23,793,450."

The principal change in the employment of funds, Mr. Rentschler noted, is the increase in holdings of U. S. Government securities, which at Dec. 31, 1941 stood at $1,183,000,000 and on Dec. 31, 1942 amounted to $2,029,000,000, a rise of $846,000,000. He added that of the holdings of obligations of U. S. Government and Government agencies 73% mature within five years and 94% within ten years.

As to the bank's domestic branches Mr. Rentschler said:

"The Bank is now operating 66 branches in Greater New York. Deposits at these branches showed a substantial increase in the course of the year. The branches have many more depositors than Head Office, with accounts of smaller average size. They are neighborhood institutions designed to meet the varied needs of local businesses and individuals, with the added advantage of their call upon the resources and services of Head Office and the foreign branches. This year especially they have proved effective agencies for the sale of U. S. War Bonds." Mr. Rentschler also reported that "at the opening of the year 1942, our one remaining branch in Japan, four in China, and the one in the Philippines were in the hands of the Japanese."

He further said:

"Our two branches in London operating under war-time conditions continued to be important stations in our foreign branch system.

"Latin-American business has been active and has expanded in volume as the relationships between this country and South America have grown closer. The number of our branches in operation in Latin America is unchanged from a year ago at 35, and this comprehensive branch organization places us in a position to perform a useful service to our business customers in this country, to United States Government agencies, and to local business."

American Savs.-Loan Inst. Heads To Meet

Officers of the seventy-five chapters of the American Savings and Loan Institute in as many cities have been invited to attend a meeting in Chicago, February 22, according to Edward J. Webb, Kansas City, Mo., President. This gathering to discuss the education of savings and loan personnel in wartime is expected to include some of the instructors in the Institute chapters who teach Real Estate Law, Appraisal, Accounting, Savings and Loan Principles, Business Law and other pertinent subjects as well as the savings and loan people who direct the various branches of the school.

The meeting will be the wartime substitute for the annual mid-winter conference of the Institute usually attended by four or five hundred senior and junior executives of savings and loan institutions.

New Patterns In Business & Finance

"New Patterns in Business and Finance" is the title of a new 12-weeks' course announced by the New School for Social Research beginning Friday evening, Jan. 15, under the chairmanship of Rudolph L. Weissmann, member of the staff of the Securities and Exchange Commission. Dr. Alvin Johnson, Director of the New School, will lead off the series with a talk on "Forecasting Post War Economics and Business." He will be followed by Leo Cherne, Research Institute of America, who will speak on the "Tax Policy and the War."

Other speakers and their topics include the following:

Robert H. O'Brien, Commissioner, Securities and Exchange Commission, will speak on "The Role of Finance in the War and Post War World."

Max Winkler, Bernard Winkler & Company, and Associate Professor of Economics, College of the City of New York, will speak on "The Next Chapter in International Finance."

Maurice P. Davidson, Trustee, Power Authority of New York, will speak on "Yardsticks of Public Ownership."

Milton H. Cohen, Assistant Director, Public Utilities Division, Securities and Exchange Commission, will speak on "Investors, Consumers, and the Public Utility Holding Company Act."

William W. Werntz, Chief Accountant, Securities and Exchange Division, will speak on "The War and Its Impact on Accounting Practices."

Karl R. Bopp, Research Director, Federal Reserve Bank of Philadelphia, will speak on "What Can Monetary Statesmanship Contribute?"

Harry Heller, Assistant Director, Corporation Finance Division, Securities and Exchange Commission, will speak on "The Future of the Investment Company."

Willard L. Thorp, Co-Trustee, Associated Gas and Electric Corporation, will speak on "The Pattern of American Industry and the Post War Economy."

Benjamin Graham, co-author, "Security Analysis," will speak on "The Stockholders' Revolution."

A. Wilfred May, Director, Division of Research and Statistics, Treasury War Savings, Staff, N. Y., will speak on "Implications of the War Bond Program," also Rudolph L. Weissmann will speak on "Inflation—Again?"

Law Firm Admits Rawson & Withrow

The law firm of Donovan, Leisure, Newton & Lumbard, with offices at 2 Wall Street, New York City, and Bowen Building, Washington, D. C., have announced that David R. Rawson and James R. Withrow, Jr., have become partners of the firm as of Jan. 1, 1943.

William J. Donovan is counsel to the firm, the other partners of which are:

George S. Leisure, Carl Eldridge Newton, J. Edward Lumbard, Jr., Ralston R. Irvine, Thomas J. McFadden, O. C. Doering, Jr., David Teitelbaum, Francis A. Brick, Jr., Granville Whittlesey, Jr., and Carbery O'Shea.

Joins WAVES

Miss Anne B. Gould, Assistant Secretary of the Mutual Management Company and of the Mutual Investment Fund, Inc., will leave for training as an Officer-Candidate in the WAVES on Jan. 16, 1943. She will go into training at the Women's Naval Reserve, Smith College, Northampton, Mass.

Brig.-Gen. Barber Dies; Was Inv. Co. Head

Brigadier General Charles William Barber, U. S. A., retired, died at the Charlotte, N. C., home of his son Russell G. Barber, after an illness of five months.

General Barber until about six months ago was head of Charles W. Barber & Son, Inc., New York investment firm, and was until his death a Vice-President of Schluter & Company, Inc., investment dealers in New York.

General Barber served in the Spanish-American War, saw service in the Philippines, with the Isthmian Canal Commission and on the Mexican border; he retired on Sept. 1, 1913 with the rank of major. He became brigadier-general and adjutant general of New Jersey in 1916 and was in charge of organizating Jersey troops and the registration and selection of drafted men. He was named a brigadier general in the National Army on July 25, 1917, commanded the Twenty-ninth Division in July and August, 1917, and then was placed in charge of the Fifty-seventh Infantry Brigade, serving overseas. He was chief of staff of Base Section 2 at Bordeaux, France, and returned to the status of retired officer in August, 1919, and became brigadier general, retired, on June 21, 1930.

Hinsdale Federal Distributes Earnings

HINSDALE, ILL.—The 18th consecutive six months earnings distribution was declared by directors of the Hinsdale Federal Savings and Loan Association on all savings share accounts. The Dec. 31 distribution amounts to over $36,000 and goes to approximately 2,000 individual, corporate and trustee account holders in 25 States, mostly in the Chicago west suburban area.

The flow of savings is the greatest and that of withdrawals the least in the history of the association, according to the directors' report.

J. K. Blackman, Jr., Vice-President of the three and a quarter million dollar local association, commented on this trend: "Patriotism and rationing combine to encourage saving. Accounts here help to channel funds to the Treasury and to preserve the national economy. Payroll savings, bond purchases, and savings, will prevent ruinous inflation and will stand owners in good stead when the war ends."

SEC Adopts Rule On Registration Withdrawal Of Investment Advisers

The Securities and Exchange Commission announced on Jan. 5 the adoption of a rule under the Investment Advisers Act of 1940 designed to clarify and to make more specific the procedure for withdrawal from registration by an investment adviser. The Commission's announcement states:

"The new rule, designated as Rule R-203-3, provides that a notice of withdrawal from registration as an investment adviser under Section 203 (g) of the Investment Advisers Act shall ordinarily take effect on the 30th day after its filing with the Commission. Prior to the effective date of withdrawal, however, the Commission may institute a revocation or suspension proceeding against the investment adviser who filed such a notice, or a proceeding to impose terms and conditions upon withdrawal, in which event the notice to withdraw shall become effective only if the Commission so determines and upon such date and upon such terms and conditions as the Commission finds necessary in the public interest."

Calendar of New Security Flotations

OFFERINGS

GOVERNMENT OF THE DOMINION OF CANADA

Government of the Dominion of Canada has filed a registration statement with the SEC for $90,000,000 of bonds, consisting of $30,000,000 5-year 2½% bonds, due Jan. 15, 1948; $30,000,000 10-year 3% bonds, due Jan. 15, 1953, and $30,000,000 15-year 3% bonds, due Jan. 15, 1958. All bonds are dated Jan. 15, 1943.

Offering—The offering price to the public will be supplied by amendment. The underwriters propose to offer the $90,000,000 face amount of bonds in part directly to the public at the public offering prices and accrued interest and the balance to dealers at the public offering price and accrued interest less a concession the amount of which will be supplied by amendment.

Proceeds—The proceeds to be received by the Government from the sale of the bonds, together with funds from the Treasury, are to be applied to the redemption of $100,000,000 face amount of the Dominion's 30-year 5% bonds dated May 1, 1922, due May 1, 1952. These bonds will be called for redemption on or about March 15, 1943, at the principal amount thereof together with accrued interest to date of redemption. Such accrued interest will be paid from funds held by the Treasury of the Dominion.

In the prospectus all amounts are expressed in Canadian dollars unless otherwise specified, conversion of pounds sterling into Canadian dollars being made at the rate of one pound equals $4.86⅔ and of U. S. dollars into Canadian dollars at $1 U. S. equals $1 Canadian. The bonds are to be direct obligations of the Government of the Dominion of Canada, and are to be issued under "The Loan Act, 1942." Principal and interest will be payable at the agency of the Bank of Montreal in New York, in such coin or currency of the United States as at the time of payment is legal tender for public and private debts. The principal of and interest on these bonds will be free from deduction for all present and future taxes imposed by the Government, except when the bonds or coupons, as the case may be, are beneficially owned by any person residing in or ordinarily a resident of the Dominion of Canada.

The bonds are not to be secured and no sinking fund is to be provided for the amortization or retirement thereof. Dominion will make application to list bonds on the New York Stock Exchange.

Underwriters—The names of the underwriters, with the principal amount underwritten, the amount being the same for each of the three issues, are as follows:

Morgan, Stanley & Co., $1,675,000; A. C. Allyn & Co., Inc., $150,000; Almstedt Brothers, $35,000; A. E. Ames & Co., Inc., $900,000; F. B. Ashplant & Co., $250,000; Auchincloss, Parker & Redpath, $50,000; Bacon, Whipple & Co., $125,000; Baker, Watts & Co., $75,000; Baker, Weeks & Harden, $50,000; Bear, Stearns & Co., $50,000; A. G. Becker & Co., Inc., $150,000; Biddle, Whelen & Co., $35,000; Blair & Co., Inc., $200,000; Blair, Bonner & Co., $125,000; Blyth & Co., Inc., $900,000; Bodell & Co., Inc., $50,000; Boettcher & Co., $35,000; Bosworth, Chanute, Loughridge & Co., $35,000; Alex. Brown & Sons, $150,000; Burns, Potter & Co., $35,000; Butcher & Sherrerd, $35,000; Central Republic Co. (Inc.), $150,000; E. W. Clark & Co., $125,000; Clark, Dodge & Co., $300,000; Coffin & Burr, Inc., $125,000; Curtiss, House & Co., $35,000; J. M. Dain & Co., $35,000; Paul H. Davis & Co., $35,000; R. L. Day & Co., $75,000; Dick-Merle-Smith, $125,000.

Dillon, Read & Co., $1,400,000; Dominick & Dominick, $300,000; Dominion Securities Corp., $900,000; Drexel & Co., $500,000; Francis I. du Pont & Co., $50,000; Eastman, Dillon & Co., $300,000; Elkins, Morris & Co., $50,000; Equitable Securities Corp., $100,000; Estabrook & Co., $250,000; Fahey, Clark & Co., $35,000; Farwell, Chapman & Co., $35,000; Ferris & Hardgrove, $35,000; Field, Richards & Co., $35,000.

First Boston Corp., $1,400,000; First of Michigan Corp., $100,000; Folger, Nolan & Co., $50,000; Robert Garrett & Sons, $35,000; Glore, Forgan & Co., $300,000; Goldman, Sachs & Co., $500,000; Graham, Parsons & Co., $125,000; Green, Ellis & Anderson, $50,000; Hallgarten & Co., $175,000.

Harriman Ripley & Co., Inc., $1,200,000; Harris, Hall & Co. (Inc.), $250,000; Hawley, Shepard & Co., $50,000; Hayden, Miller & Co., $125,000; Hayden, Stone & Co., $200,000; Hemphill, Noyes & Co., $300,000; J. J. B. Hilliard & Son, $50,000; Hornblower & Weeks, $300,000; W. E. Hutton & Co., $300,000; Illinois Co. of Chicago, $125,000; Janney & Co., $35,000; Kalman & Co., Inc., $50,000; Kean, Taylor & Co., $75,000; Kebbon, McCormick & Co., $75,000; A. M. Kidder & Co., $50,000; Kidder, Peabody & Co., $800,000; Kirkpatrick-Pettis Co., $35,000.

Kuhn, Loeb & Co., $1,400,000; Laird, Bissell & Meeds, $50,000; W. C. Langley & Co., $125,000; Lazard Freres & Co., $500,000; Lee Higginson Corp., $500,000; Carl M. Loeb, Rhoades & Co., $75,000; Mackubin, Legg & Co., $35,000; Laurence M. Marks & Co., $150,000; Mason-Hagan, Inc., $35,000; A. E. Masten & Co., $50,000; McDonald-Coolidge & Co., $100,000; McLeod, Young, Weir, Inc., $400,000; McMaster, Hutchinson & Co., $35,000.

Mellon Securities Corp., $800,000; Merrill Lynch, Pierce, Fenner & Beane, $250,000; Merrill, Turben & Co., $50,000; Milwaukee Co., $50,000; Moore, Leonard & Lynch, $75,000; F. S. Moseley & Co., $300,000; Maynard H. Murch & Co., $35,000; W. H. Newbold's Son & Co., $75,000; Newton, Abbe & Co., $50,000; Ohio Co., $50,000; Paine, Webber, Jackson & Curtis, $300,000; Parrish & Co., $35,000; Arthur Perry & Co., Inc., $75,000; Phelps, Fenn & Co., $100,000; Piper, Jaffray & Hopwood, $35,000.

R. W. Pressprich & Co., $175,000; Putnam & Co., $50,000; Reynolds & Co., $75,000; Riter & Co., $125,000; E. H. Rollins & Sons, Inc., $300,000; L. F. Rothschild & Co., $150,000; Salomon Bros. & Hutzler, $300,000; Gordon Saunder Co., $100,000; Schoellkopf, Hutton & Pomeroy, Inc., $100,000; Schwabacher & Co., $50,000; Scott & Stringfellow, $50,000; Chas. W. Scranton & Co., $50,000; Shields & Co., $250,000; Singer, Deane & Scribner, $75,000.

Smith, Barney & Co., $1,200,000; Starkweather & Co., $100,000; Stein Bros & Boyce, $50,000; Stern Bros. & Co., $75,000; Stillman, Maynard & Co., $75,000; Stone & Webster and Blodget, Inc., $300,000; Stroud & Co., Inc., $50,000; Swiss American Corp., $75,000; Spencer Trask & Co., $200,000; Tucker, Anthony & Co., $250,000.

Union Securities Corp., $500,000; G. H. Walker & Co., $100,000; Watling, Lerchen & Co., $35,000; Weeden & Co., $35,000; Wells-Dickey Co., $100,000; Wertheim & Co., $100,000; White, Weld & Co., $500,000; Whiting, Weeks & Stubbs, Inc., $125,000; Wisconsin Co., $300,000; Dean Witter & Co., $200,000; Wood, Gundy & Co., Inc., $900,000; Wood, Struthers & Co., $250,000; Yarnall & Co., $35,000.

Registration Statement No. 2-5081. Form schedule B. (1-4-43)

Offered Jan. 14, 1943.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, JAN. 16

PUGET SOUND POWER & LIGHT CO.

Puget Sound Power & Light Co. has filed a registration statement with the SEC for $52,000,000 first mortgage bonds series due Dec. 1, 1972, and $6,000,000 debentures due Dec. 1, 1951. The interest rates will be supplied by amendment.

Address—860 Stuart Building, Seattle, Wash.

Business—Applicant's properties consist, generally speaking, of electric, gas, steam heat and telephone utility properties located in the central and western portions of the State of Washington. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy in all or parts of 19 counties in the western and central portions of the State of Washington, comprising approximately 4,500 square miles.

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ¼%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

Offering—The offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds from the sale of the new bonds and the new debentures, together with general funds of the company, are to be used for: Redemption of the old bonds, series A, in the face amount of $36,039,500 at 101½%, or $36,580,093; redemption of the old bonds, series C, in face amount of $8,850,000 at 102%, or $9,027,000, and redemption of old bonds, series D, in face amount of $13,995,000 at 102%, or $14,274,900, or grand total of $59,881,993. There is pending before the SEC an application under Section 11 (e) of the Public Utility Holding Company Act of 1935, by Engineers Public Service Co.—parent company—to which Puget joined as a party, for the approval of a plan for recapitalization of Puget. This plan, if approved, would reduce the percentage of voting power of Puget owned by Engineers from 77.4% to 1.8%. Engineers has been ordered by the Commission to dispose of its entire interest in the company. Engineers has advised Puget that it intends to comply with this order as soon as it can do so.

Registration Statement No. 2-5077. Form A-2. (12-28-42).

SUNDAY, JAN. 17

DEERFIELD PACKING CORP.

Deerfield Packing Corp. has filed a registration statement with the SEC for $1,250,000 5% sinking fund debentures due Dec. 1, 1954, and 47,215 shares of common stock, without par value. Of the stock registered, 35,715 shares will be reserved for issuance upon exercise of conversion rights with respect to the debentures, and the remaining 11,500 shares will be offered for sale. Company states that it is possible that due to future adjustments in the conversion price, not now anticipated, more than 35,715 shares will be required for issuance upon exercise of conversion rights, and it is intended that present statement shall cover, such additional shares, of any, as may be required for issuance upon exercise of the conversion rights.

Address—Bridgeton, N. J.

Business—Company is engaged primarily in the manufacture of quick-frozen vegetables. The major portion of its frozen products is quick-frozen by the Birdseye process, but the company has developed and uses other processes for quick-freezing for customers who require large packages of frozen vegetables or loose frozen commodities.

Offering—Offering price to the public of the debentures and shares of common stock will be furnished by amendment.

Underwriting—E. H. Rollins & Sons, Inc., is principal underwriter for the debentures with others to be named by amendment. E. H. Rollins & Sons, Inc., is named underwriter for the common stock.

Proceeds—About $487,000 of the net proceeds from the sale of the debentures and common stock are to be used to discharge the balance of $480,000 due on a bank loan in the amount of $600,000, together with accrued interest and premium thereon. Balance are to be added to the company's general funds.

Registration Statement No. 2-5078. Form A-2. (12-29-42)

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

PINEHURST, INC.

Pinehurst, Inc., has filed a registration statement with the SEC for $250,000 first mortgage 5% bonds, due May 1, 1953.

Address—Pinehurst, N. C.

Business—Operation of a winter resort.

Offering—Pinehurst, Inc., is offering to the holders of its 6% first mortgage gold bonds due May 1, 1943, the opportunity to exchange their bonds, plus accrued interest, for first mortgage 5% bonds now registered. Exchange basis is for a like principal amount of the bonds to be offered, with adjustment in cash for accrued interest. The plan will become operative when and if, prior to May 1, 1943, holders of substantially all of the bonds of the company due May 1, 1943, shall have filed agreements, but the company reserves the right in its discretion to declare the plan operative prior to May 1, 1943, upon receipt of agreements which it may deem acceptable to it. Company reserves the right to offer for sale for cash at not less than 100% of face amount, plus accrued interest, such portion of the bonds to be offered under registration statement as may not be accepted by the holders of the old bonds. At May 31, 1942, there were $236,000 of old bonds outstanding.

Underwriting—Company has not entered into any agreement providing a first commitment for the purchase of the first mortgage 5% bonds. It will, however, enter into an agreement with Mackubin, Legg & Co., Baltimore, who may be underwriters whereby the underwriters who have aided in preparing the exchange offer and plan will use their best efforts in obtaining agreements of exchange, including the obtaining of services of other dealers, for which they will be compensated.

Proceeds—To redeem old 6% first mortgage bonds and for general funds.

Registration Statement No. 2-5079. Form A-2. (12-29-42)

WEDNESDAY, JAN. 27

METALES DE LA VICTORIA S. A.

Metales de la Victoria S. A. has filed a registration statement with SEC for 1,350,000 shares of common stock and $675,000 production notes, the latter being lawful money of the United States.

Address—Pan-American Ave. and Fourth St., Agua Prieta, Sonora, Mexico.

Business—Company was organized under the laws of the Republic of Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Offering—Offering price is $10 per unit, lawful money of the United States. A unit consists of a production note in the face amount of $10 lawful money of the United States and 20 shares of common stock. The common stock has a par value of one centavo (Mexican money) per share.

Underwriters—The offering will be made direct to the public by the company, and to brokers and dealers for their own accounts, or through the latter as selling agents of the company. Assuming that the entire issue is sold the proceeds to the company will be $506,250, or $7.50 per unit, the difference representing selling costs and underwriting discounts and commissions. Statement says Ogden C. Chase, Francis Platt and Edward G. Frawley are believed to be the principal underwriters under the Securities Act of 1933, as defined in the regulations of the Commission. The three are officers, directors and promoters of the company.

Proceeds—Net proceeds will be utilized for acquisition of properties and installation of mill and other expenses incident to operation of the mine property.

Registration Statement No. 2-5082. Form S-3. (1-8-43)

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

The proposed transfer of the Exchange membership of the late W. Gillette Bird to Emmanuel M. Cohan will be considered on Jan. 21. It is understood that Mr. Cohan will act as an individual floor broker.

Transfer of the Exchange membership of the late Arthur H. Spero to Harry Lenart will be considered on Jan. 21. Mr. Lenart will act as an individual floor broker, it is understood.

Barclay K. Douglas, Exchange member, and general partner in Winslow, Douglas & McEvoy, New York City, became a special partner effective Jan. 1.

Richard H. Gordon and Benjamin F. McGuckin, both Exchange members, and general partners in DeCoppet & Doremus, New York City, became special partners on Jan. 1. E. Vail Stebbins, member of the Exchange and a special partner in the firm, retired from partnership on Dec. 31.

Bache McE. Whitlock, general partner in Farr & Co., New York City, became a special partner effective Jan. 1.

Robert E. Cleary, general partner in Holsapple & Co., New York City, became a special partner on Jan. 1.

Charles E. Merrill, member of the Exchange, a general partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, became both a general and limited partner as of Dec. 31.

James V. Igoe, member of the Exchange, general partner in Nugent & Igoe, East Orange, N. J., became a limited partner effective Jan. 1.

Herbert R. Johnson limited partner in Orvis Brothers & Co., New York City, became a general partner in the firm effective Dec. 31 on which date Sully C. Pecot retired from the firm.

Laurance B. Beckwith withdrew from partnership in Bell & Beckwith, Toledo, Ohio, on Dec. 31, 1942.

Richard P. Combs, member of the Exchange, and Harry van de Rovaart retired from partnership in Combs, Maxwell & Potter on Jan. 1, on which date privilege of Mr. van de Rovaart to act as alternate on the floor of the Exchange for Mr. Combs was withdrawn. Combs, Maxwell & Potter continues as a New York Stock Exchange member firm.

Richard B. W. Hall retired from partnership in M. D. Doyle & Co., New York City on Dec. 31, 1942.

Harry E. Reis withdrew as a partner in A. M. Kidder & Co., New York City effective Dec. 31, 1942.

The interest of the Estate of Jay F. Carlisle, limited partner, in Carlisle & Jacquelin, New York City, ceased on December 31.

Herbert G. Fautz withdrew from partnership in J. Robinson-Duff & Co., New York City, effective Dec. 31.

Ernst Englander retired from partnership in Hirsch, Lilienthal & Co., New York City on Dec. 31, on which date ceased the interest of Edna A. Lilienthal, Leo Arnstein, Charles Riegelman and Guaranty Trust Co. of N. Y. as Trustees under the last will and testament of Joseph L. Lilienthal.

Marshall K. Smith retired as a partner in David A. Noyes & Co., Chicago, as of Dec. 31.

Interest of the late William H. Clark in Reynolds & Co., New York City, ceased as of Dec. 18.

J. Patrick Smith retired from partnership in James F. Shea & Co., New York City, on Jan. 1.

Walter Maynard retired from partnership in Shearson, Hammill & Co., New York City, on Dec. 31.

Harcourt Amory withdrew as a partner in Smith, Barney & Co., New York City, as of Dec. 31. Mr. Amory made his headquarters in Boston.

Interest of the late Willard D. Litt, limited partner, in W. R. K. Taylor & Co., New York City, ceased on Dec. 26.

Innes Getty withdrew from partnership in A. O. Van Suetendael & Co., Yonkers, N. Y., on Dec. 31.

Interest of the late Franklin A. Batcheller in Blair S. Williams & Co., New York City, ceased on Dec. 31.

Privilege of Henry D. Talbot to act as alternate on the floor of the Exchange for Alan H. Kempner of Byfield & Co., New York City, was withdrawn on Dec. 31.

Sweetser & Co., New York City, was dissolved as of Dec. 31, 1942.

Long & Co., New York City, was dissolved as of Dec. 31.

Betsey C. Gwathmey, limited partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, died on Dec. 20.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Jan. 11 that tenders for $600,000,000, or thereabouts, of 91-day Treasury bills, to be dated Jan. 13 and to mature on April 14, 1943, which were offered on Jan. 8, were opened at the Federal Reserve banks on Jan. 11.

Details of the issue follow:

Total applied for, $1,228,004,000.

Total accepted, $601,142,000.

Range of accepted bids:

High, 99.930; equivalent rate of discount approximately 0.277% per annum.

Low, 99.908; equivalent rate of discount approximately 0.368% per annum.

Average price, 99.908; equivalent rate of discount approximately 0.363% per annum.

(39% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 13 in amount of $400,438,000.

With respect to the previous week's offering of 91-day bills, dated Jan. 6 and maturing April 7, Secretary Morgenthau disclosed these results on Jan. 4:

Total applied for—$1,242,588,000.

Total accepted—$600,104,000.

Range of accepted bids (excepting one tender of $4,000):

High—99.925; equivalent rate of discount approx. 0.297% per annum.

Low—99.907%; equivalent rate of discount approx. 0.368% per annum.

Average price—99.910; equivalent rate of discount approx. 0.357% per annum.

(13% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 6 in amount of $400,572,000.

HOW DID WE GET THIS WAY?

(Continued from first page)

all men and not just one-third of them would be ill-clad, ill-nourished and ill-housed; is laughed off with the supreme confidence that marks the valor of ignorance.

Depression is no more fundamental to capitalism than persecution is to a religion which teaches brotherly love. In both the aberrations result from the ferment of human impulses, which are not eliminated by a dominant government, although the theory is a favorite with carbon-copy mentalities who coquette and intrigue with collectivism and become infatuated with abjectival systems which they imagine are constructed with meticulous and mathematical precision.

That a system of undue governmental interference in the lives of men is certain to be a system of favoritism and injustice; a system of charity to some at the expense of others; a system rooted in ignorance and incompetency with its beneficiaries becoming parasites upon the body politic, a true case of parasitism, is resolutely ignored in spite of the record which is relegated to the limbo of the forgotten because it is impossible to argue with facts which are obdurate things, not altered by the alchemy of time or speech or the technique of the microphone. The future, in its main outlines, is visible in the past, like an experience renewed when it is viewed in retrospect. It is a far better method of divination than astrology, an ancient mode said to be currently popular in some official quarters.

As a device for improving society, government is no stronger than the composite intelligence of its agents, which grows less as bureaus multiply until they exhaust the alphabet, and does not improve as it approaches the apex of power. The belief in its infallibility is nurtured by quibbling rhetoricians and accepted by the mentally underprivileged.

When the corporative State finally becomes, directly or indirectly, the main employer, the bureaucracy becomes a force to be propitiated with obligatory genuflections due to the insolent **petits fonctionnaries**, the arrogant dignitaries and the effete elite of a parvenu aristocracy. Subservience becomes the first law of survival; compliance a necessity and sycophancy a fine art. Government is saturated with cant and corruption and degenerates into a patriciate of office-holders engaged in a constant struggle for petty advantage while the energies of the citizenry are corroded into futility. The common phenomena of the tendency of the minority to rule are accentuated even when society is organized on an equalitarian basis and when democracy is supposed to be the fulcrum which moves it. In a regimented society the members stand toward each other in successive grades of subordination and a juridical system is impossible.

Planned economy under political supervision is an euphemism for stratified chaos—for standardized error—as there is no possibility of a coherent plan when it can be changed by official caprice. These plans are always conveniently evasive, replete with elisions, contradictory and as full of incongruities as a surrealist picture. The label always fails to describe the package. There is no case of any of them ever arriving at its advertised destination. Failure is always their alter ego as they invariably substitute the greater for the lesser evil.

Absolutism has its frontiers beyond which lie efficiency, impossible to obsequious nonentities for which it has a unique penchant, and who can demonstrate only the vacuum of their pretentions. Its production is a plethora of rules and regulations, which are the co-efficients of its inefficiency. The extension of bureaucratic control to the production and distribution of goods is always fatal. The greater the number of people supported by a government, the more powerful becomes the force of inertia and ingrained habits of thought. The belief in the infallibility of government is as pernicious as any other doctrine of infallibility.

The greatest achievement of capitalism, besides supporting a greatly increased and increasingly ungrateful population—a condition which is seldom given adequate recognition—is that it has made individualism possible and personal autonomy something more than an intangible. Other systems are not new; they are reversions, atavisms, relics which are found everywhere in the debris of time. They are neither unique nor original; simply new deals with the same old dirty decks. They belong to the primitive and appeal exclusively to those stagnant minded people who cannot stand the strain of a high degree of civilization; the barbarians within who are affected by a poignant, nostalgic yearning for primeval squalor; to those who cannot endure the rigors of realism and to the mentally impoverished.

The decay of a previous civilization and a great nation has been described as follows:

"Taxation was crushing; the tyranny of a swollen bureaucracy unendurable; the middle classes, overloaded with unpaid social services, were disintegrating; the upper classes had seen their fortunes go to a State whose demands were no longer satisfied by ordinary taxation; the farms were breaking up; the laborers were flocking to the cities; the standards of art and morals were declining. Side by side with this picture of a society in its death throes was a vulgar display by officialdom, vast public doles and huge building enterprises which became bigger and more pointless as the State became poorer."

Now, as then, we are so familiar with the names of our duties and obligations that we neglect their performance while we insist upon our rights. We agree with truths we daily violate; live a conventional lie; preach and promise economy and practice extravagance; create autocracy to preserve freedom; pile up debt to provide for the future; practice greed under the guise of sacrifice and reward falsehood while we penalize candor.

The really dangerous man is not the one who believes in violence as the means to an end. Violence invites and can be overcome by violence. He is the doctrinaire who encourages men to lay the blame for their mistakes upon the shoulders of others. Nations devastated by wars and strangled by tyrants can regain their freedom. Nations conquered by false doctrines and political blandishments disappear forever. Conquest by force is preferable to conquest by fraud for the dictatorship of force can be overcome much easier than can the dictatorship of illusion. The human mind being what it is, the persuasive is more powerful than the coercive.

Nations, civilizations and races do not advance to their doom but retrograde to it; they do not die natural deaths but design their own cenotaphs and write their own epitaphs. Their decadence follows the acceptance of beliefs which result in a dictatorship of the mediocre under the theory that political might makes economic right. There is no antidote sufficiently potent to destroy the deleterious effect of power upon character when there is no way to apply the corrective of responsibility.

EDITOR'S NOTE—**We are giving consideration to putting all installments of this article under one cover in pamphlet form for distribution to our subscribers in quantity lots at a nominal price. We would like to hear from any of our readers who would be interested in obtaining copies together with some idea of the quantity they would want so that we may decide as to the feasibility of making these reprints available and the price it will be necessary to charge.**

SEC Rules Re-Designated

The Securities and Exchange Commission issued on Dec. 29 the following:

Correction — Securities Act of 1933, Release No. 2887; Securities Exchange Act of 1934, Release No. 3347; Holding Company Act, Release No. 3988; Investment Company Act of 1940, Release No. 417.

The release under the above mentioned Acts dated Dec. 18, 1942, announced the adoption of and contained the text of Rules X-13A-8 and X-15D-5. Rule X-13A-8 should be designated X-13A-10 and Rule X-15D-5 should be designated Rule X-15D-6.

Ferguson Heads FTC

Garland S. Ferguson Jr. of North Carolina assumed on Jan. 1 the chairmanship of the Federal Trade Commission for the fourth time. Mr. Ferguson, who has been a member of the FTC since 1927, is one of the three Democrats on the five-man Commission. He has been a member of the agency longer than any other member since its creation under President Wilson in 1915. The chairmanship of the FTC rotates annually.

NY Savs. Loan Ass'ns Exceed War Bond Aim

Purchases of government bonds for their own investment portfolios by savings and loan associations in New York State for the period July 1 to Nov. 30, 1942, reached the total of $12,679,450, exceeding by more than 50% the State quota of $8,000,000 in the national campaign for $100,000,000 for the last half of 1942, the State League of Savings and Loan Associations reports. Thus, with purchases for the month of December still to be reported, it is expected that government bonds purchased for the six months period will reach $15,000,000. The announcement issued Jan. 4 added:

"Savings and loan associations in this State have also been exceptionally active in the sale to their members and the general public of war bonds and other government securities. Reports received from 143 associations indicated total sales of nearly $30,000,000, predominantly of the Series "E" type. The facilities of the associations are being employed by 129 firms with 68,278 employees to handle payroll deduction programs for the purchase of war bonds. The amount of bonds sold through these arrangements since May 1, 1941, is $8,572,149."

NYSE Extends Voting Time On Proposed Amendments

In view of the fact that less than 688 members of the New York Stock Exchange, or below the required two-thirds, had participated in the recent balloting on amendments to the Exchange's Constitution in the two-week voting period, which ended Dec. 31, the Stock Exchange on Jan. 4 extended the balloting period an additional two weeks, expiring today (Jan. 14). The proposed amendments relate to Section 13 of Article IX of the Constitution relating to the continuance of a partnership for a limited period of time with the status of a member firm after the death of the sole Exchange member partner, and a proposed amendment to sub-paragraph (1) of Section 5, Article XI, the purpose of which is to describe more accurately the status of the estate of a deceased partner which continues to have an interest in a partnership.

Approval by the Exchange's Board of Governors was reported in these columns Dec. 24, page 2241.

Santa Claus Visits Denver Bond Club

Snapshots taken at the Christmas Party of the Bond Club of Denver

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The Business Man's Bookshelf

As We Saw It!—Scheuer & Co., 72 Leonard Street, New York, N. Y.—Excerpts from market letters issued by the firm from 1939 through May, 1942—Paper.

Collapse or Boom at the End of the War?—Harold G. Moulton and Karl Schlotterbeck — The Brookings Institution, Washington, D. C.—Paper—25¢.

Commentary on Labor, Industry, Farmers, A—Louis Ruthenburg—Indiana State Chamber of Commerce, Board of Trade Building, Indianapolis, Ind.—Paper.

Impact of Federal Taxes, The—Roswell Magill—Columbia University Press, Morningside Heights, New York City—Cloth—$3.00.

Medical Services in Industry (A Selected, Annotated Bibliograph With Particular Reference to Health Programs in War Industries) — Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J. —10¢.

New England Community Statistical Abstracts (Statistical, Economic and Social Data for 175 New England Cities and Towns) —Bureau of Business Research, Boston University College of Business Administration, 685 Commonwealth Avenue, Boston, Mass.—Heavy paper—$6.50.

Public Library Service to Business (A comparative study of its development in cities over 70,000) —Newark, N. J. Public Library, Business Branch, 34 Commerce Street, Newark, N. J.—Cloth—$3.50.

J. S. Whedbee Is Now With Baker, Watts Co.

BALTIMORE, MD.—James S. Whedbee, member of the Baltimore Stock Exchange, and formerly a partner in the dissolved firm of Jenkins, Whedbee & Poe, has become associated with Baker, Watts & Co., Calvert and Redwood Streets, members of the New York and Baltimore Stock Exchanges.

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Grainger Made V.-P. Of Chemical Bank & Trust

The Chemical Bank & Trust Co., New York City, announced on Jan. 12 the appointment of Isaac B. Grainger as Vice-President. For the past nine years Mr. Grainger has been President of the Montclair Trust Co., Montclair, N. J., and is Treasurer of the Essex County Bankers' Association. He has a wide acquaintance in banking circles as he has been active in the affairs of the American Bankers Association. He started his banking career in the old Murchison National Bank of Wilmington, N. C., of which his father, the late J. Victor Grainger, was President for many years, and later served as Executive Vice-President of the North Carolina Bank & Trust Co. in Greensboro, N. C.

At the outbreak of World War No. 1, Mr. Grainger left Princeton University and joined the Army, becoming a Captain of Infantry. Mr. Grainger is a member of the New York State Chamber of Commerce, New Jersey State Chamber of Commerce, Economic Club of New York and of other organizations.

Ins. Stock Looks Good

The outlook for American Fidelity & Casualty Company is extremely favorable at the present time, according to an interesting circular issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City. Copies of this circular with an analysis of the situation in the Company for 1942 may be had from Huff, Geyer & Hecht upon request.

Morgan Stanley Group Offers Canada Issue

A syndicate headed by Morgan Stanley & Co., New York, is offering today an issue of $90,000,000 Dominion of Canada refunding bonds, dated Jan. 15, 1943, and including $30,000,000 2½s, due Jan. 15, 1948, and $60,000,000 3s, of which $30,000,000 mature in 1953 and a similar amount in 1958. The 2½s are priced at par and accrued interest, the 10-year 3s at 100.50 and interest, and the 15-year 3s at 98.50 and interest. The 2½s are callable at the Dominion's option, in whole but not in part, at par and accrued interest on 30 days' notice or or after Jan. 15, 1947; the 10-year 3s, only in their entirety, on 45 days' notice, at 104, on or prior to Jan. 15, 1946, thereafter to and including 1949 at 103, and to and including 1951, at 102, and thence to maturity at par, all with accrued interest.

The 15-year 3s are redeemable as a whole, or in part, by lot at any time on 45 days' notice at 104 until 1946, thereafter to Jan. 15, 1949 at 103; then until Jan. 15, 1952 at 102; until Jan. 15, 1955, at 101, and thereafter to maturity at par, also with accrued interest in all instances.

Proceeds of the issue, together with $10,000,000 of available Treasury cash, will be used by the Dominion government in the redemption of $100,000,000 outstanding Dominion 5s of 1952 which, it is expected, will be called for payment on or about March 15, next, at par and accrued interest.

The underwriting group, in addition to Morgan Stanley & Co., also includes, among others, The First Boston Corporation; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; Wood, Gundy & Co., Inc.; Dominion Securities Corp., and A. E. Ames & Co., Inc. A complete list of the underwriters is given in the "Calendar of New Security Flotations" which appears on another page.

Hollis Alden In Worcester

WORCESTER, MASS. — Hollis E. Alden is engaging in a general securities business from offices at 340 Main Street. In the past Mr. Alden was associated with Paine, Webber & Co.

Warren Brothers Company

(Continued from page 178)

first eight months of 1942 $584,520. As the September, October and November months are good earning months it is likely that the earnings will amount to one million dollars in the full year after bond interest, taxes and depreciation.

Thus the dividends on the Class A and Class B stock will be earned about eight times and with indicated earnings of about $3.50 per share for the Class C stock.

As the reorganization of the company was dated Aug. 1, 1941, dividends accrue from that date on the Class A and Class B stock. The directors declared a dividend of $1.35 per share on the Class A stock, and an additional 62½ cents will be accrued to the stock on Feb. 1, 1943. The Class B stock will have accrued to it on Feb. 1, 1943, $3.75, and it is likely that all or a good part of these dividends will be paid shortly as both the earnings and the cash position of the company would indicate that this can be done.

In conclusion, it would seem that the Class B stock selling at about 25 with over $3.00 of accrued dividends and the Class C stock with its large earnings should have good speculative possibilities.

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Legal Oddities

THE UNGRATEFUL FRIEND

John Doe had "inside information" that Easycum Corporation was in line for a lucrative future and passed the tip on to his friend, Richard Roe, who bought Easycum stock on the strength of this recommendation. The crash of '29 turned the financial artery of New York City into a wailing wall and the Corporation went into bankruptcy in good company.

Five years and six months after the purchase of the stock Roe sued Doe in the New York Courts (280 N.Y.S. 512) for fraudulent misrepresentation, etc.

The Court decided that Roe had no case.

"While the concern was struggling to advance its product Roe did not complain. It does not savor well, after the general market deflation caused the best of stocks to tumble, and engulfed this embryonic corporation in the process, for this friend to seek redress from a friend who has been placed in the position of defendant by his naked desire to see a friend make what he had been led to believe was a good investment. If this action were to be successful, no person would ever dare make any suggestion or give any opinion upon any given proposition, because it would be dangerous for him to do so. Much less is this suit appropriate five and a half years after the purchase, four years after the insolvency, and two years after Roe made his last payment which brought the total to $300," the Court said, and added by way of good measure:

"Regardless of Roe's conception of friendship, yet shall the qualities of friendship forever temper the conduct of mankind, for that is one of the most valuable attributes of life itself. Had the stock gone skyrocketing the courts would never have heard of these gentlemen whose scientific training holds them in contact, de diem in diem, with the mysteries of life. Virtue kindles strength, and many virtues there are, equally possessed by the human brotherhood, among which is the one, virtus in arduis—courage in difficulties—only too often ignored in the struggle for the omnipotent l'argent. Virtuous and noble, indeed, is he who can be steadfast and not ready to impugn a well-meant deed ex post facto, in case the fates rule adversely to his expectations."

O. Elder, W. Wheeler In Naval Training

O. L. Garrison Elder and W. A. S. Wheeler, senior partners of Elder & Co., New York Stock Exchange firm of New York and Chattanooga, have reported for active duty at the Naval Training Station at Quonset Point, R. I., and the partnership will remain inactive for the duration.

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NSTA Announces 1943 Municipal Bond Comm.

William Perry Brown of Newman Brown & Company, New Orleans, President of the National Security Traders Association, has

Robert A. Warren

announced the appointment of the Municipal Bond Committee of the association for the 1943 year. The chairman and members of the committee are:

Russel M. Dotts of Bioren & Co., Philadelphia, Chairman; Robert A. Warren of Baker, Watts & Co., Baltimore, Vice-Chairman; John M. Faust of Blair &

Russell M. Dotts

Co., Inc., Chicago; F. Thomas Kemp of Thomas, Kemp & Co., Los Angeles; and J. Wallace Kingsbury of Kingsbury & Alvis, New Orleans.

Jaffray At Army School

C. Palmer Jaffray, partner in Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis, Minn., is at Fort Leavenworth, Kansas, where he is taking a month's civilian orientation course in army organization and procedure at the general staff school.

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President In Annual Message Foresees United Nations Advance

President Roosevelt, in his annual message on the state of the Union, told a joint session of Congress on Jan. 7, that, while he would not prophesy when the war will end, he believes "this year of 1943 will give to the United Nations a very substantial advance along the roads that lead to Berlin and Rome and Tokio." The President added that "it is within the realm of possibility that this 78th Congress may have the historic privilege of helping greatly to save the world from future fear."

Calling for confidence and a redoubling of efforts, Mr. Roosevelt warned, however, that "a tremendous, costly long-enduring task in peace as well as in war is still ahead of us."

In appraising the events of 1942, the President listed as first in importance in the American scene "the inspiring proof of the great qualities of our fighting men" and called the events on the long fronts in Russia "by far the largest and most important developments in the whole strategic picture of 1942." The other major events of the year listed by the President were: "the series of Japanese advances in the Philippines, the East Indies, Malaya and Burma; the stopping of the Japanese in the mid-Pacific, the South Pacific and the Indian Oceans; the successful defense of the Near East by the British counter-attack through Egypt and Libya; the American-British occupation of North Africa," and "the unending, bitterly contested battles of the convoy routes, and the gradual passing of air superiority from the Axis to the United Nations."

Declaring that "Japanese strength in ships and planes is going down and down, and American strength in ships and planes is going up and up," Mr. Roosevelt stated that "last year we stopped them" and "this year, we intend to advance."

The President emphasized the "magnitude and diversity of the military activities in which this nation has become engaged," pointing out that about 1,500,000 of the armed forces "are in service outside our continental limits all through the world," that "our merchant seamen are carrying supplies to them and to our allies over every sea lane" and that the country's air strength has experienced "amazing growth."

After paying tribute to the fighting men and leaders of our Allies, Mr. Roosevelt said that when the United Nations strike by land in Europe the Nazis and the Fascists will be hit "from the air heavily and relentlessly."

Turning to the progress on the production front, the Chief Executive said that the Government's confidence in the ability of the people to establish new records "has been justified," adding that while airplane and tank production fell short, numerically, of the 1942 goals, "nevertheless we have plenty of reason to be proud of our record for 1942." He went on to cite production figures for combat vehicles, machine guns, anti-tank guns and ammunition. The President pointed out that military plane production last year was 48,000 and emphasized that the "arsenal of democracy is making good."

Admitting that "there have been mistakes" and that "there have been too many complicated forms and questionnaires," Mr. Roosevelt said that the experience gained by the mistakes "will enable us during the coming year to improve the necessary mechanisms of wartime economic controls, and to simplify administrative procedures."

The President further stated:

"Of course, there have been inconveniences and disturbances—and even hardships. And there will be many, many more before we finally win. Yes, 1943, will not be an easy year for us on the home front. We shall feel in many ways in our daily lives the sharp pinch of total war.

"Fortunately, there are only a few Americans who place appetite above patriotism." Calling for "a decent peace and a durable peace," Mr. Roosevelt said: "It would be inconceivable—it would, indeed, be sacriligious—if this nation and the world did not attain some real, lasting good out of all

(Continued on page 196)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Mr. Roosevelt's qualified approval of the Ruml pay-as-you-go tax plan has not appreciably changed the prospects of its adoption. It already had considerable support in Congress; it apparently has considerable, if not almost unanimous, press support. And it will continue to come in for considerable discussion. But as a practical matter it would be almost impossible to put it into effect before March 15, that great day of reckoning for Americans. And my guess is that after we have coughed up to the Treasury on that date the proposal will have lost a lot of its ardent support. Even if the House Ways and Means Committee and the Senate Finance Committee were to get down to work on the plan immediately there is so much work to be done, so many rate revisions made, so many readjustments involved, that it would be well into the summer before the plan could be adopted by Congress. In the meantime the taxpayers would be in a state of confusion. Undoubtedly a lot of them would be influenced to make as small a payment as possible in March regardless of whether they were prepared to pay the whole bill or not.

I can't see that it makes much difference in the Treasury's finances whatever develops. The levying of taxes in this country used to be for the purpose of raising revenue to run the Government. That's not the primary purpose now. Taxes, in fact, have little relation to Government spending. Even if the highest expectations are realized only $28 billion will be raised under the present tax act. We are spending $100 billion this fiscal year. Levying of taxes has apparently become mostly a disciplinary measure for the citizens. Anyway, don't count on anything heading off that dreadful day in March.

Regardless of how much it is able to accomplish, how much of its power it is able to regain, Congress is feeling better than at any time in recent years. The first string newspapermen have returned to cover it, the individual Senators and members of the House feel more important.

(Continued on page 197)

GENERAL CONTENTS

Editorials

(Continued on page 208)

THE FINANCIAL SITUATION

The President has delivered his two regular annual message to Congress, the one on the State of the Union and the other concerning the budget for the approaching fiscal year. Heart-warming facts, sharply sobering data, and grounds for genuine uneasiness as regards postwar conditions are all contained in these two documents. They are all due their share of the attention of the American people at this time. No true American can scan the 1942 war production data without a feeling of pride; no student of the vigor, the virility, the creative genius of American industry can study them without exultation—particularly since it is clear that these achievements have been recorded despite definitely poor over-all management in Washington and notwithstanding all the impediments the so-called reform elements in Washington and elsewhere have thrown in the path of industrial executives.

Sobering Facts

Pride in past results and confidence of future achievement are, however, given a sober, not to say somber, tone by the financial statements and estimates included in the Budget Message. There was a time when the rank and file appeared to be exhilarated by the very astronomical proportions of public expenditures. That time, it is most earnestly to be hoped, has now passed for good—even when the expenditures scheduled are for the attainment of victory. We must win this war, of course, and we must pay what is necessary for that purpose. Nothing is to be gained by wincing when the costs are added up. At the same time it would be a fatal blunder to suppose that costs of the war are to be measured by the inconvenience or even the hardship currently entailed. When the last shot is fired in this horrible conflict we shall be much poorer not richer than we were when it began. It may appear strange that such obvious truths need be stated, but there are all too many in places of influence who appear not to understand them—and with their repeated references to our "enlarged production capacity" they may well mislead the unthinking.

Here are some of the figures from the Budget Message. "I am transmitting herewith," says the President in his

(Continued on page 195)

Now For Evidence Of It!

Total war requires nothing less than organizing all the human and material resources of the nation. To accomplish this all-out mobilization speedily, effectively and fairly, we have had to adopt extensive controls over civilian life. We use the selective service system to man the armed forces. We are systematizing the movement of labor to assure needed manpower to war industries and agriculture. We regulate prices, wages, salaries and rents; we limit consumer credit; we allocate scarce raw materials; and we ration scarce raw materials; and we ration scarce consumer goods—all to the end of providing the materials of war and distributing the sacrifices equitably.

Such regulations and restrictions have complicated our daily lives. We save rubber, metal, fats—everything. We fill out forms, carry coupons, answer questionnaires. This is all new. We have overdone it in many cases. By trial and error we are learning simpler and better methods.—The President.

May evidence of this learning process soon begin to appear! It is sorely needed.

Editorial—

Turn On The Light

Henry Hazlitt, of the "Times," in his thought-provoking book "A New Constitution Now," does well to quote with approval the paragraph from John Stuart Mill's "Representative Government" in which the great thinker expatiated upon the publicity-making functions of the legislative bodies in representative democracies. The whole paragraph reads:

"The proper office of a representative assembly is to watch and control the government; to throw the light of publicity on its acts; to compel a full exposition and justification of all of them which any one considers questionable; to censure them if found condemnable, and if the men who compose the government abuse their trust, or fulfil it in a manner which conflicts with the deliberate sense of the nation, to expel them from office, and either expressly or virtually appoint their successors."

And Mill added that in a legislative body competent and alert to perform these functions would repose at all times sufficient security "for the liberty of the nation."

Nothing could be more timely than the reiteration in the United States, of this truth. The assembling of the Seventy-eighth Congress signalizes a radical change in the implementation of the sovereignty of the people of this country, not in comparison with what was planned by the Founding Fathers or with what existed in happier days, but as contrasted with the New Deal regime that took the public off-guard in 1933 and established itself without any mandate or any authority not self-conferred.

March, 1933, found the American public in a condition of lowered vitality which temporarily impaired their economic organization; their confidence in their way of life; their capacity clearly to envisage the conduct of their administrative agents, to anticipate the certainly detrimental consequences of that conduct and decisively to protect themselves against dangerous exaggerations of the executive functions. Congress almost abdicated and for nearly ten years has existed for scarcely any public purpose except, like the old Parliament of Paris which expired with Louis XVI and the coming of the French Revolution, to register authoritarian decrees that, in this case, emanated from the White House or the rapidly changing personnel of the favorites of the palace. Debates in Congress, chief among the means of effective appraisal and criticism of executive conduct and proposals and of public enlightenment concerning governmental policies, forthwith degenerated to the lowest level in history. They became unreasonably curtailed and perfunctory. Scarcely in any instance, save in defeating the 1937 effort to make the Supreme Court merely a blind agency of the Executive, did the level of discussion rise even to mediocrity. Even the subservient Congress of that period could not stomach reduction of the Judiciary to an impotence equal to its own. Perhaps that may have been because, even in its low condition, its leaders saw that within itself and within the constitutional methods of election and renewal, lay a certainty of regeneration unless the citizenship itself abdicated its sovereignty. And all too rarely, a few genuine statesmen, like Byrd, Vandenberg, Taft, and Danaher, in the Senate; Sumners, Taber, Cox, and Martin, in the House; and a few others in each branch of the national legislature, raised their strong voices in warning, admonition, and protest.

Nevertheless, Congress, as a whole, for the time being not much respecting itself or its high position in the constitutional scheme of government, was naturally but little respected by the public and not at all by the Executive Department. Its authority was regularly evaded and ignored. Extraordinary and unauthorized delegations of legislative power and discretion were demanded and conceded. Precedents of a century and a half the authority of which was unchallenged were violated without a word or with some glibly-mouthed wise-crack. Agreements with foreign nations amounting essentially to treaties and intended to control international conduct in great matters and for long periods were put in force without reference to the Senate and, under them, huge expenditures were made, that were never authorized by the Congress, although it constitutionally controls the public purse. Press-conferences and radio broadcasts, which admitted neither of genuine questionings nor of criticism or reply, even in the mildest guise, became the substitute for informative discussion and wise legislative deliberation. Statutory projects, offered to Congress and there rejected, were put into force, like the $25,000 limitation upon earnings, by Executive Decree. At its highest point, Presidential insistence, went so far as publicly to admonish Congress that, unless demanded statutory enactments were concluded before a named date, the executive will would be enforced without further legislative authorization.

To change all this is the imminent obligation of the Seventh-eighth Congress. Obviously, it cannot be accomplished over-night. But already statements by Sam Rayburn, the re-elected Democratic Speaker, and Joseph W. Martin, Republican floor-leader, go a long way towards rehabilitation of the constitutionally co-ordinate Legislative Department. These statements are in the nature of timely manifestoes, addressed to the public and to the President. There will be no more: "Do this by Oct. 1, or I will do it myself" from the White House or, if they should come, the challenge will not be the signal for legislative flight.

Not a word of this means weakening of the war effort or the determination to prevail and to achieve fully all suitable war aims. Rather it means rectification of processes and methods, co-ordination of purposes and outlays of financial and physical resources, clarity and authoritative sanction by the people's representatives of the goals for which the public must sacrifice and strive without stint. The door has fortunately been opened to the re-assertion and re-establishment of representative control in the interest and with the full approval of an enlightened public. To that end, there ought to be an immediate and vigorous resumption of fearless and searching inquiry concerning the objectives sought by Presidential policy, both in the domestic and international fields; the means and methods which have been and will be employed; the results so far achieved and those anticipated or desired. The present Administration has not favored inquiry of this sort. In several instances its resistence has rendered such efforts abortive and unfruitful. The public has never, since 1933, been admitted as a full partner in the exercise of the sovereignty which is its own or in the illumination latent in full comprehension of official action and the conditions with which it has has been intended to deal or those in which it is hoped that it will result. Confidence has been demanded but confidence has not been returned.

Certainly there is enough now requiring immediate inquiry to organize the legislative machinery. The topics range widely from international understandings and commitments, in Europe, South America, Africa, and Asia, to such personal details as the scope of the authority delegated to Harry L. Hopkins and his conduct and pledges as an executive agent. There is rubber and lend-lease, fuel oil and other rationing, propaganda and censorship, price control and conscription, labor control and distribution of man-power, loans out of public funds and post-war commitments and manoeuverings. There should be fully objective and highly comprehensive inquiries regarding all phases of the public finances, taxation and its effects, enlarged budgetary deficits and exaggerated borrowing and its consequences for as long ahead as they are capable of being estimated or predicted. Is it true, as asserted in the public press, that the whole British Commonwealth of Nations plans to expend for the war purposes of 1943, no more than $20,000,000,000? And, if that is true, how is it that it is wise or possible for the United States to pledge itself to expend, during the same year, $100,000,000,000? Above all, must this country continue to authorize every project claimed to contribute to the winning of the war, however unrelated to other projects; never counting the cost before authorization; never cutting the coat of expenditure to fit the cloth of practically available resources; always taxing or borrowing, after the commitment in the full extent of the obligations that have been blindly incurred?

The Seventh-eighth Congress must not only ask these questions, it must be ready, within the two years of its duration, to contrive and adopt workable answers to most of them. Can it do this; it will earn, beyond the possibility of denial, the right forever to be designated as "The Victory Congress."

The State Of Trade

Weekly reports from industrial sections were generally favorable, with some quarters showing unusual gains.

Steel production for the current week is scheduled at 99.3% of capacity, up 2.3 points from the previous week, according to the American Iron & Steel Institute. The current schedule indicates output of 1.698.700 net tons of ingots for the week, compared with 1.659 400 tons last week and 1.615,800 tons in the like 1942 week.

Munition production involving the use of steel will in 1943 be double that of 1942, the magazine Steel estimates. The prediction is based on statements from the War Production Board, the Army and the Navy, indicating the extent of requirements of steel for war production this year.

The increased demand will be mainly for aircraft, merchant vessels and Naval and escort vessels.

To meet these requirements, asserts Steel, some reduction is planned in production of tanks artillery, motor vehicles and ammunition.

Production of electricity in the United States in the week ended Jan. 2d was 3,750.000,000 kilowatt hours, compared with 3,655 926.000 in the preceding week. The total was an increase of 14% over the output of 3.288.685.000 in the same week last year, according to the figures of the Edison Electric Institute.

Carloadings of revenue freight for the week ended Jan. 2d totaled 621,048 cars, according to the Association of American Railroads. This was an increase of 9,453 cars over the preceding week, 55,486 cars fewer than the corresponding week in 1942, and 3,877 cars above the like period two years ago.

This total was 108.61% of average loadings for the corresponding week of the ten preceding years.

Engineering construction for the first 1943 week totals $63,928.000, or 55% below the corresponding 1942 week, and compares with $76,295,000 for the holiday-shortened preceding week, according to Engineering News-Record. Private construction is 60% below the 1942 week and public is down 54% as a result of the 64 and 52% decreases in state and municipal and federal volumes.

The December volume declined to $373,622,000, the lowest monthly value of the year, and averaged $74,724.000 for each of the four weeks of the month. On the weekly average basis December was 51% below the average for the four weeks of November, but was up 11% above the December, 1941, average.

Department store sales on a country-wide basis were up 5% for the week ended Jan. 2d, compared with the like week a year ago, according to the Federal Reserve System. Store sales were up 12% for the four week period ended Jan. 2d.

Department store sales in New York City in the week ended Jan. 2d were 3% smaller than in the like 1941 week, and in the four weeks ended Jan. 2d were 6% larger than in the corresponding week a year ago, according to the New York Federal Reserve Bank.

It is pointed out that a steadily increasing share of the nation's industrial plant is being converted from production of civilian goods to output of armaments. More than half of such facilities was engaged in the war effort last year; this year the figure is expected to amount to two-thirds.

It is obvious, therefore, that stocks of consumer goods will decline. The War Production Board foresees a drop of such goods and services in 1943 of between 15 and 20% under 1942 levels, but adds that the deficiency will be made up out of current inventories. The W. P. B. goes so far as to state that the part coming from inventories is estimated at 25% of stocks on hand at the beginning of 1943.

The Department of Commerce likewise predicts a decrease, holding that goods and services available for civilians in 1943 will be about 12% less than in 1942. It estimates their aggregate value at $76.000,000.000.

"The civilian standard of living in this country in 1943 will depend, to a degree, on the fortunes of war," the W. P. B. says, adding: "The bedrock civilian economy which has been talked about is not expected to be reached in 1943 except in respect to civilian goods made from critical materials such as steel, copper and similar commodities."

The war will cost the Government $74.000,000,000 during the current fiscal year, and $97.000,000,000 in the fiscal year beginning July 1, 1943. With Government expenditures mounting so rapidly, additional taxes must be imposed if a large part of Federal outlays is to be defrayed from current revenues, informed observers state.

Receipts of the Treasury during the present fiscal year are estimated at $24,552.000.000, or only 30% of all expenditures. Existing tax laws will produce $35.000.000,000 of revenue in the coming fiscal year, it is estimated, or 33% of scheduled expenditures. President Roosevelt proposes, in his budget message, to finance 50% of the cost of the war out of current receipts, which would call for $16,000,000,000 of new taxation.

THE FINANCIAL SITUATION

(Continued from first page)

opening sentence, "a war budget exceeding $100,000,000,000 for the fiscal year beginning July 1, 1943." As bewilderingly huge as this sum is, it fails by a wide margin to tell the full story. Its full significance begins to make itself felt, however, when it is recalled that this is but one in a long series of budgets which have consistently outdone anything in our history, and according to present estimates will leave the country with the staggering direct debt of upwards of $210,000,000,000. Here are the figures:

Fiscal year ended June 30	Total expenditure	Defense or war outlays (000,000 omitted)	Federal debt at year-end
1934	$6,370	$540	$27,053
1935	7,583	709	28,700
1936	9,068	911	33,778
1937	8,281	934	36,424
1938	7,304	1,027	37,164
1939	8,765	1,162	40,439
1940	9,127	1,558	42,967
1941	12,774	6,047	48,961
1942	32,491	26,011	72,422
1943 (estimated)	80,437	74,000	134,830
1944 (estimated)	104,128	97,000	210,549

It is to be hoped that for each of these dollars to be expended for war purposes a dollar's worth is actually received. The paucity of information vouchsafed renders it impossible to do more than hope. One would like to believe that non-war expenditures were really being cut to the bone, but despite substantial reductions and notwithstanding the protestations of the President, doubts, or worse, are unavoidable. The President, for example, is recommending appropriations for aids to agriculture totaling $837,000,000 for the fiscal year 1944. Among the major items included in the $837,000,000 total are $400,000,000 for conservation and use of agricultural land resources; $194,000,000 for parity payments on the 1942 crops; and $96,000,000 for exportation and domestic consumption of surplus commodities. Other large items included are $64,000,000 for payments under the Sugar Act; $38,000,000 for the Farm Security Administration; and $31,000,000 for reductions in interest rates on farm mortgages.

Costly Outlays

It is true that in substantial part the fabulous war outlays, have resulted in enlargement of our capacity to produce—mostly articles of war although in considerable degree also articles of peace. But it is also true that materials in stupendous amounts have been consumed and that of necessity our whole financial and industrial mechanism will have been thrown out of gear for peacetime production. Precisely what our production capacity will be at the end of the war in terms of ability to produce peacetime goods at reasonable cost it would be impossible at this time even to guess, but it would be a grave blunder to suppose that we shall be able to afford to waste one iota of it. Yet the President in his annual message on the State of the Union appears to be in danger of precisely such an error.

Take these sentences for example:

"The people at home and the people at the front—men and women—are wondering a little about the third freedom—freedom from want. To them it means that when they are mustered out, when war production is converted to the economy of peace, they will have the right to expect full employment—full employment for themselves and for all able-bodied men and women in America who want to work. * * *

"They do not want a postwar America which suffers from undernourishment or slums—or the dole. They want no get-rich-quick era of bogus "prosperity" which will end for them in selling apples on a street corner, as happened after the bursting of the boom in 1929.

"When you talk with our young men and women, you will find they want to work for themselves and for their families; they consider they have the right to work; and they know that after the last war their fathers did not gain that right.

"When you talk with our young men and women you will find that with the opportunity for employment they want assurance against the evils of all major economic hazards—assurance that will extend from the cradle to the grave. And this great government can and must provide this assurance."

Difficulties Ahead

One must wonder whether the President really has any conception of the real difficulties that must inevitably be encountered in the postwar period. He still appears obsessed with the idea that there is absolutely no limit to the amount of money that the Government of the United States can spend unproductively, or the degree in which our national assets can be dissipated without courting disaster. "Freedom from want for everybody, everywhere, is no longer a Utopian dream," he says in his Budget Message. "It can be translated into action," he adds, "when the fear of aggression has been removed by victory." Possibly through the long years such a goal may be reached, but not by any such means as governmental profligacy—which appears all too evidently to be the method the President has in mind.

Total war is costly business. We shall, of course, have to bear that cost until victory has been won, but let us not suppose that we shall be enriched thereby, or that by carrying over to peacetime the methods employed in winning the war we can usher in the millenium.

President Says United Nations Must Continue Together In Post-War To Keep World Peace

President Roosevelt declared on Jan. 1 that the United Nations are passing from the defensive to the offensive and said that the "unity achieved on the battle line" must be carried forward into peace.

In a formal statement, issued on the first anniversary of the signing of the declaration by United Nations, the President outlined the following three-fold talk:

"To press on with the massed forces of free humanity until the present bandit assault upon civilization is completely crushed.

"So to organize relations among nations that forces of barbarism can never again break loose.

"To cooperate to the end that mankind may enjoy in peace and in freedom the unprecedented blessings which Divine Providence through the progress of civilization has put within our reach."

In discussing the situation with newspapermen, Mr. Roosevelt authorized the following direct quotation of his informal remarks, according to the Associated Press:

"Of course," he said, "as I think has been intimated before, there are a great many objectives when peace comes, so that we won't go back to the old menace of the pre-war period—a great many things the United Nations ought to do and I think will remain united for.

"However, there is one thing which at the present time stands out as the most important war objective, and that is to maintain peace, so that all of us, in going through this war, including the men on the fighting fronts and on the seas, will not have to go through a world cataclysm again—that they will have some reasonable assurance that their children won't have to go through it again.

"Almost all the other things we hope to get out of the war are more or less dependent upon the maintenance of peace—all kinds of planning for the future, economic and social, and so forth and so on. It isn't much use if there is going to be another world war in ten years, or fifteen years, or twenty years. All the planning for the future is dependent, obviously, on peace."

The United Nations declaration was signed at Washington on Jan. 1, 1942 by representatives of 26 nations. The document, since adhered to by three other nations, pledges the countries to full use of their resources in the war and not to make a separate peace or armistice. Signing of the declaration was reported in these columns Jan. 8, 1942, page 144.

The following is the President's formal statement:

"One year ago 26 nations signed at Washington the declaration by United Nations.

"The world situation at that moment was grim indeed. Yet on that last New Year's Day these nations, bound together by the universal ideals of the Atlantic Charter, signed an act of faith that military aggression, treaty violation and calculated savagery should be remorselessly overwhelmed by their combined might, and the sacred principles of life, liberty and the pursuit of happiness be restored as cherished ideals of mankind.

"They thus created the mightiest coalition in history, mighty not only for its overwhelming material force, but still more for its eternal spiritual values. Three other nations have since joined that coalition.

"The unity thus achieved amidst dire danger has borne rich fruit. The United Nations are passing from the defensive to the offensive.

"The unity achieved on the battle line is being earnestly sought in the not less complex problems on a different front.

"In this as in no previous war men are conscious of the supreme necessity of planning what is to come after—and of carrying forward into peace the common effort which will have brought them victory in the war. They have come to see that the maintenance and safeguarding of peace is the most vital single necessity in the lives of each and all of us.

"Our task on this New Year's Day is three fold: first, to press on with the massed forces of free humanity until the present bandit assault upon civilization is completely crushed; second, so to organize relations among nations that forces of barbarism can never again break loose; third, to cooperate to the end that mankind may enjoy in peace and in freedom the unprecedented blessings which Divine Providence through the progress of civilization has put within our reach."

Canada Sets Quotas For Newsprint Makers

The Canadian Prices Board announced in Ottawa on Jan. 3 that each of Canada's 25 newsprint manufacturers has been assigned an established percentage of total production under a compensation plan for the newsprint industry. The allocation schedule was made necessary by previous orders curtailing newsprint production.

In Associated Press Ottawa advices the following was reported:

"The percentage of total production, however, will remain constant unless, and until, changed by R. L. Weldon, Administrator of Newsprint.

" 'This is a fixed percentage of the total amount of newsprint invoiced by all manufacturers in any month,' the statement of the Prices Board read. The established percentages of the various manufacturers were determined by the Administration after many consultations with members of the industry's advisory committee.

"Here is how the compensation plan will function:

"When, in any calendar month, a manufacturer invoices to his customers, and to other manufacturers, a quantity of newsprint manufactured by him to excess of his established percentage, he will be required to remit a proportionate sum of a fund established by the Prices Stability Corporation for the purposes of the order. When, in any month, a manufacturer invoices newsprint in an amount short of his percentage, he is to receive from the fund a corresponding sum. Cost of operating the compensation plan is to be borne by the stabilization fund.

"Amounts which manufacturers are to remit, or receive, in consequence of allocation and other controls exercised since last Sept. 1 are to be set by the administrator on or before Jan. 20. Remittances to the fund, and payments to other manufacturers, are to be made on or before Jan. 25, and payments out of the fund must be made by Feb. 1.

"The announcement said that in the case of 'transferred tonnage'—newsprint tonnage which the administrator orders transferred by one manufacturer to another for production—the manufacturer who produces and ships it is to invoice it at full price to the transferring mill, which is to pay on or before the 25th of the month following invoice date.

"Each manufacturer who produces and ships transferred tonnage is required, when directed by the administrator, to pay into or receive from the fund whatever amount is necessary to adjust the basic mill net price of the tonnage to the basic mill net price of the manufacturer's own tonnage of newsprint."

V-Tax Withholding Clarified By Treasury

Commissioner of Internal Revenue Guy T. Helvering said on Dec. 31 that inquiries received by the Bureau indicate that some confusion exists concerning the understanding of employers with respect to their liability for the withholding of the 5% Victory tax. Mr. Helvering said that withholding is required if the established payroll period ends on or after Jan. 1, 1943. In such a case the tax is required to be withheld from the full amount of the wages paid in excess of the withholding deduction allowable. However, if the established payroll period ends on or before Dec. 31, 1942, no withholding is required.

The Commissioner gave these examples:

"(1) In the case of an established semi-monthly payroll period ending on the 10th and 25th day of the month, withholding, in excess of the withholding deduction, is required on the entire amount of the wages paid in January, 1943, for the payroll period commencing Dec. 26, 1942, and ending on Jan. 10, 1943.

"(2) If the payroll period ends on Dec. 31, 1942, the established monthly payroll period ending on the last day of the month, no withholding will be required.

"(3) In the case of an established weekly payroll period ending on the 2nd day of January, 1943, withholding, in excess of the withholding deduction, is required on the entire amount of wages paid in January, 1943, for the payroll period Dec. 27, 1942, to Jan. 2, 1943, inclusive."

The Victory tax requires employers to withhold 5% of all wages and salaries in excess of $12 a week and also subjects all other income in excess of $624 a year to the tax.

Haskell To Return To Foreign Relief Work

Lieut. Gen. William N. Haskell resigned on Dec. 29 as New York State Director of Civilian Protection in order to join former Governor Herbert H. Lehman in foreign relief work. Mr. Lehman is Director of Foreign Relief and Rehabilitation of the State Department. Gen. Haskell has a background of experience in the work to which he now returns, having served from 1918 to 1923 under Herbert Hoover, then director of relief operations in Europe. He also was United States Relief Director in Russia.

Text Of The President's Annual Message To Congress

(Continued from first page)

these efforts and sufferings and bloodshed and death."

As to post-war America, the President said the people at home and those at the front want "permanent employment" and "assurance against the evils of all major economic hazards—assurance that will extend from the cradle to the grave." He added that "this great Government can and must provide this assurance."

The President further declared that, at the end of the war, Germany, Italy and Japan "must be disarmed and kept disarmed, and they must abandon the philosophy, and the teaching of that philosophy, which has brought so much suffering to the world."

He went on to suggest that the United Nations — the mightiest military coalition in history—"can and must remain united for the maintenance of peace."

The President concluded his message by asserting that "the state of this nation is good—the heart of this nation is sound—the spirit of this nation is strong—the faith of this nation is eternal."

The text of President Roosevelt's annual message to Congress on Jan. 8 follows:

Mr. Vice-President, Mr. Speaker, members of the Senate and of the House of Representatives:

The Seventy-Eighth Congress assembles in one of the great moments in the history of this Nation. The past year was perhaps the most crucial for modern civilization; the coming year will be filled with violent conflict—yet with high promise of better things.

We must appraise the events of 1942 according to their relative importance; we must exercise a sense of proportion.

First in importance in the American scene has been the inspiring proof of the great qualities of our fighting men. They have demonstrated these qualities in adversity as well as in victory. As long as our flag flies over this Capitol, Americans will honor the soldiers, sailors and marines who fought our first battles of this war against overwhelming odds—the heroes, living and dead, of Wake and Bataan and Guadalcanal, of the Java Sea and Midway and the North Atlantic convoys. Their unconquerable spirit will live forever.

By far the largest and most important developments in the whole strategic picture of 1942 were the events on the long fronts in Russia: first, the implacable defense of Stalingrad, and, second, the offensives by the Russian armies at various points which started in the latter part of November and which still roll on with great force and effectiveness.

The other major events of the year were: the series of Japanese advances in the Philippines, the East Indies, Malaya and Burma; the stopping of the Japanese in the mid-Pacific, the South Pacific and the Indian Oceans; the successful defense of the Near East by the British counterattack through Egypt and Libya; the American-British occupation of North Africa. Of continuing importance in the year 1942 were the unending, bitterly-contested battles of the convoy routes, and the gradual passing of air superiority from the Axis to the United Nations.

The Axis Powers knew that they must win the war in 1942—or eventually lose everything. I do not need to tell you that our enemies did not win this war in 1942.

In the Pacific area, our most important victory in 1942 was the air and naval battle off Midway Island. That action is historically important because it secured for our use communication lines stretching thousands of miles in every direction. In placing this emphasis on the battle of Midway, I am not unmindful of other successful actions in the Pacific, in the air and on land and afloat—especially those on the Coral Sea and New Guinea and in the Solomon Islands. But these actions were essentially defensive. They were part of the delaying strategy that characterized this phase of the war.

During this period we inflicted steady losses upon the enemy—great losses of Japanese planes, naval vessels, transports and cargo ships. As early as one year ago, we set as a primary task in the war of the Pacific day-by-day and week-by-week destruction of more Japanese war material than Japanese industry could replace. Most certainly, that task has been and is being performed by our fighting ships and planes. A large part of this task has been accomplished by the gallant crews of our American submarines who strike on the other side of the Pacific at Japanese ships—right at the very mouth of the harbor of Yokohama.

We know that as each day goes by, Japanese strength in ships and planes is going down and down, and American strength in ships and planes is going up and up. The eventual outcome can be put on a mathematical basis. That will become evident to the Japanese people themselves when we strike at their own home islands, and bomb them constantly from the air.

In the attacks against Japan, we shall be joined with the heroic people of China, whose ideals of peace are so closely akin to our own. Even today we are flying as much lend-lease material into China as ever traversed the Burma Road, flying it over mountains 17,000 feet high, flying blind through sleet and snow. We shall overcome all the formidable obstacles, and get the battle equipment into China to shatter the power of our common enemy. From this war, China will realize the security, the prosperity and the dignity, which Japan has sought so ruthlessly to destroy.

The period of our defensive attrition in the Pacific is passing. Now our aim is to force the Japanese to fight. Last year, we stopped them. This year, we intend to advance.

In the European theatre of war during this past year it was clear that our first task was to lessen the concentrated pressure on the Russian front by compelling Germany to divert part of her manpower and equipment to another theatre of war.

After months of secret planning and preparation in the utmost detail, an enormous amphibious expedition was embarked for French North Africa from the United States and the United Kingdom in hundreds of ships. It reached its objectives with very small losses, and has already produced an important effect upon the whole situation of the war. It has opened to attack what Mr. Churchill well described as "the under belly of the Axis," and it has removed the always dangerous threat of an Axis attack through West Africa against the South Atlantic Ocean and the Continent of South America itself.

The well-timed and splendidly executed offensive from Egypt by the British Eighth Army was a part of the same major strategy of the United Nations.

Great rains and appalling mud and very limited communications have delayed the final battles of Tunisia. The Axis is reinforcing its strong positions. But I am confident that though the fighting will be tough, when the final Allied assault is made, the last vestige of Axis power will be driven from the south shores of the Mediterranean.

Any review of the year 1942 must emphasize the magnitude and diversity of the military activities in which this nation has become engaged. As I speak to you, approximately one and a half million of our soldiers, sailors, marines and fliers are in service outside our continental limits, all through the world. Our merchant seamen are carrying supplies to them and to our allies over every sea lane.

Few Americans realize the amazing growth of our air strength, though I am sure our enemy does. Day in and day out our forces are bombing the enemy and meeting him in combat on many different fronts over the world. And for those who question the quality of our aircraft and ability of our fliers, I point to the fact that, in Africa, we are shooting down two enemy planes to every one we lose, and in the Pacific and in the Southwest Pacific we are shooting them down four to one.

We pay the tribute of the United States of America to the fighting ment of Russia and China and Britain and the various members of the British Commonwealth—the millions of men who through the years of this war have fought our common enemies, and have denied to them the world conquest which they sought.

We pay tribute to the soldiers and fliers and seamen of others of the United Nations whose countries have been overrun by Axis hordes.

As a result of the allied occupation of North Africa, powerful units of the French Army and Navy are going into action with the United Nations forces. We welcome them as allies and as friends. They join with those Frenchmen who, since the dark days of June, 1940, have been fighting valiantly for the liberation of their stricken country.

We pay tribute to the fighting leaders of our Allies, to Winston Churchill, to Joseph Stalin and to the Generalissimo Chiang Kai-shek. There is a very real unanimity between the leaders of the United Nations. This unity is effective in planning and carrying out the major strategy of this war and in building up and maintaining the lines of supplies.

I cannot prophesy. I cannot tell you when or where the United Nations are going to strike next in Europe. But we are going to strike— and strike hard. I cannot tell you whether we are going to hit them in Norway, or through the Low Countries, or in France, or through Sardinia or Sicily, or through the Balkans, or through Poland—or at several points simultaneously. But I can tell you that no matter where and when we strike by land, we and the British and the Russians will hit them from the air heavily and relentlessly. Day in and day out we shall heap tons upon tons of explosives on their war factories and utilities and seaports.

Hitler and Mussolini will understand the enormity of their miscalculations — that the Nazis would always have the advantage of superior air-power as they did when they bombed Warsaw, Rotterdam, London and Coventry. That superiority has gone—forever.

Yes—the Nazis and the Fascists have asked for it—and they are going to get it.

Our forward progress in this war has depended upon our progress on the production front.

There has been criticism of the management and conduct of our war production. Much of this self-criticism has had a healthy effect. It has spurred us on. It has reflected a normal American impatience to get on with the job. We are the kind of people who are never quite satisfied with anything short of miracles.

But there has been some criticism based on guesswork and even on malicious falsification of fact. Such criticism creates doubts and fears, and weakens our total effort.

I do not wish to suggest that we should be completely satisfied with our production progress—today, or next month, or ever. But I can report to you with genuine pride on what has been accomplished during 1942.

A year ago we set certain production goals for 1942 and 1943. Some people, including some experts, thought that we had pulled some big figures out of a hat just to frighten the Axis. But we had confidence in the ability of our people to establish new records. That confidence has been justified.

Of course, we realized that some production objectives would have to be changed—some adjusted upward, and others downward; some items would be taken out of the program completely, and others added. This was inevitable as we gained battle experience, and as technological improvements were made.

Our 1942 airplane production and tank production fell short, numerically, of the goals set a year ago. Nevertheless, we have plenty of reason to be proud of our record for 1942. We produced about 48,000 military planes—more than the airplane production of Germany, Italy and Japan put together. Last month, December, we produced 5,500 military planes and the rate is rapidly rising. Furthermore, as each month passes by, the averages of our types weigh more, take more man-hours to make, and have more striking power.

In tank production, we revised our schedule—and for good and sufficient reasons. As a result of hard experience in battle, we have diverted a portion of our tank producing capacity to a stepped-up production of new, deadly field weapons, especially self-propelled artillery.

Here are some other production figures:

In 1942 we produced 56,000 combat vehicles, such as tanks and self-propelled artillery.

In 1942, we produced 670,000 machine guns, six times greater than our production in 1941 and three times greater than our total production during the year and a half of our participation in the first World War.

We produced 21,000 anti-tank guns, six times greater than our 1941 production.

We produced 10¼ billion rounds of small arms ammunition, five times greater than our 1941 production and three times greater than our total production in the first World War.

We produced 181 million rounds of artillery ammunition, 12 times greater than our 1941 production and ten times greater than our total production in the first World War.

The arsenal of democracy is making good.

These facts and figures will give no aid and comfort to the enemy. On the contrary, I can imagine they will give him considerable discomfort. I suspect Hitler and Tojo will find it difficult to explain to the German and Japanese people just why it is that "decadent, inefficient democracy" can produce such phenomenal quantities of weapons and munitions—and fighting men.

We have given the lie to certain misconceptions — especially the one which holds that the various blocs or groups within a free country cannot forego their political and economic differences in time of crisis and work together toward a common goal.

While we have been achieving this miracle of production, during the past year our Armed Forces have grown from a little over 2,000,000 to 7,000,000. In other words, we have withdrawn from the labor force and the farms some 5,000,000 of our younger workers. And in spite of this, our farmers have contributed their share to the common effort by producing the greatest quantity of food ever made available during a single year in all our history.

Is there any person among us so simple as to believe that all this could have been done without creating some dislocations in our normal national life, some inconveniences, and even some hardships?

Who could have hoped to have done this without burdensome Government regulations which are a nuisance to everyone—including those who have the thankless task of administering them?

We all know that there have been mistakes—mistakes due to the inevitable process of trial and error inherent in doing big things for the first time. We all know that there have been too many complicated forms and questionnaires. I know about that. I have had to fill some of them out myself.

But we are determined to see to it that our supplies of food and other essential civilian goods are distributed on a fair and just basis—to rich and poor, management and labor, farmer and city dweller alike. And we are determined to keep the cost of living at a stable level. All this has required much information. The forms and questionnaires represent an honest and sincere attempt by honest and sincere officials to obtain this information.

We have learned by the mistakes that have been made.

Our experience will enable us during the coming year to improve the necessary mechanisms of wartime economic controls, and to simplify administrative procedures. But we do not intend to leave things so lax that loopholes will be left for cheaters, for chiselers, or for the manipulators of the Black Market.

Of course, there have been inconveniences and disturbances—and even hardships. And there will be many, many more before we finally win. Yes, 1943 will not be an easy year for us on the home front. We shall feel in many ways in our daily lives the sharp pinch of total war.

Fortunately, there are only a few Americans who place appetite above patriotism. The overwhelming majority realize that the food we send abroad is for essential military purposes, for our own and allied fighting forces, and for necessary help in areas that we occupy.

We Americans intend to do this great job together. In our common labors we must build and fortify the very foundation of national unity—confidence in one another.

It is often amusing, and it is sometimes politically profitable, to picture the City of Washington as a mad-house, with the Congress and the Administration disrupted with confusion and indecision and general incompetence.

However—what matters most in war is results. And the one pertinent fact is that after only a few years of preparation and only one year of warfare, we are able to engage, spiritually as well as physically, in the total waging of total war.

Washington may be a mad-house—but only in the sense that it is the Capital City of a nation which is fighting mad. And I think that Berlin and Rome and Tokyo, which had such contempt for the obsolete methods of democracy, would now gladly use all they could get of that same brand of madness.

We must not forget that our achievements in production have been relatively no greater than those of the Russians and British

and Chinese who have developed their war industries under the incredible difficulties of battle conditions. They have had to continue work through bombings and black-outs. They have never quit.

We Americans are in good, brave company in this war, and we are playing our own, honorable part in the vast common effort.

As spokesmen for the United States Government, you and I take off our hats to those responsible for our American production—to the owners, managers and supervisors, to the draftsmen and engineers, to the workers—men and women—in factories and arsenals and shipyards and mines and mills and forests and railroads and highways.

We take off our hats to the farmers who have faced an unprecedented task of feeding not only a great nation but a great part of the world.

We take off our hats to all the loyal, anonymous, untiring men and women who have worked in private employment and in Government and who have endured rationing and other stringencies with good humor and good-will.

We take off our hats to all Americans who have contributed magnificently to our common cause.

I have sought to emphasize a sense of proportion in this review of the events of the war and the needs of the war.

We should never forget the things we are fighting for. But, at this critical period of the war, we should confine ourselves to the larger objectives and not get bogged down in argument over methods and details.

We, and all the United Nations, want a decent peace and a durable peace. In the years between the end of the first World War and the beginning of the second World War, we were not living under a decent or a durable peace.

I have reason to know that our boys at the front are concerned with two broad aims beyond the winning of the war; and their thinking and their opinion coincide with what most Americans here back home are mulling over. They know, and we know, that it would be inconceivable—it would, indeed, be sacrilegious—if this Nation and the world did not attain some real, lasting good out of all these efforts and sufferings and bloodshed and death.

The men in our armed forces want a lasting peace, and, equally, they want permanent employment for themselves, their families and their neighbors when they are mustered out at the end of the war.

Two years ago I spoke in my Annual Message of Four Freedoms. The blessings of two of them—Freedom of Speech and Freedom of Religion—are an essential part of the very life of this Nation; and we hope that these blessings will be granted to all men everywhere.

The people at home and the people at the front—men and women—are wondering about the Third Freedom—Freedom from Want. To them it means that when they are mustered out, when war production is converted to the economy of peace, they will have the right to expect full employment—for themselves and for all able-bodied men and women in America who want to work.

They expect the opportunity to work, to run their farms, their stores, to earn decent wages. They are eager to face the risks inherent in our system of free enterprise.

They do not want a post-war America which suffers from under-nourishment or slums—or the dole. They want no get-rich-quick era of bogus "prosperity" which will end for them in selling apples on a street corner, as happened after the bursting of the boom in 1929.

When you talk with our young men and women, you will find they want to work for themselves and their families; they consider they have the right to work; and they know that after the last war their fathers did not gain that right.

When you talk with our young men and women, you will find that with the opportunity for employment they want assurance against the evils of all major economic hazards—assurance that will extend from the cradle to the grave. This great Government can and must provide this assurance.

I have been told that this is no time to speak of a better America after the war. I am told it is a grave error on my part.

I dissent.

If the security of the individual citizen, or the family, should become a subject of national debate, the country knows where I stand.

I say this now to this Seventy-Eighth Congress, because it is wholly possible that Freedom from Want—the right of employment and the right of assurance against life's hazards—will loom very large as a task of America during the coming two years.

I trust it will not be regarded as an issue—but rather as a task for all of us to study sympathetically, to work out with a constant regard for the attainment of the objective, with fairness to all and with injustice to none.

In this war of survival we must keep before our minds not only the evil things we fight against but the good things we are fighting for. We fight to retain a great past—and we fight to gain a greater future.

Let us remember that economic safety for the America of the future is threatened unless a greater economic stability comes to the rest of the world. We cannot make America an island in either a military or an economic sense. Hitlerism, like any other form of crime or disease, can grow from the evil seeds of economic as well as military feudalism.

Victory in this war is the first and greatest goal before us. Victory in the peace is the next. That means striving toward the enlargement of the security of man here and throughout the world—and, finally, striving for the Fourth Freedom—Freedom from Fear.

It is of little account for any of us to talk of essential human needs, of attaining security, if we run the risk of another World War in 10 or 20 or 50 years. That is just plain common sense. Wars grow in size, in death and destruction, and in the inevitability of engulfing all nations, in inverse ratio to the shrinking size of the world as a result of the conquest of the air. I shudder to think of what will happen to humanity, including ourselves, if this war ends in an inconclusive peace, and another war breaks out when the babies of today have grown to fighting age.

Every normal American prays that neither he nor his sons nor his grandsons will be compelled to go through this horror again.

Undoubtedly a few Americans, even now, think that this Nation can end this war comfortably and then climb back into an American hole and pull the hole in after them.

But we have learned that we can never dig a hole so deep that it would be safe against predatory animals. We have also learned that if we do not pull the fangs of the predatory animals of this world, they will multiply and grow in strength—and they will be at our throats once more in a short generation.

Most Americans realize more clearly than ever before that modern war equipment in the hands of aggressor nations can bring danger overnight to our own national existence or to that of any other nation—or island—or continent.

It is clear to us that if Germany and Italy and Japan—or any one of them—remain armed at the end of this war, or are permitted to rearm, they will again, and inevitably, embark upon an ambitious career of world conquest. They must be disarmed and kept disarmed, and they must abandon the philosophy, and the teaching of that philosophy, which has brought so much suffering to the world.

After the first World War we tried to achieve a formula for permanent peace, based on a magnificent idealism. We failed. But, by our failure, we have learned that we cannot maintain peace at this stage of human development by good intentions alone.

Today the United Nations are the mightiest military coalition in history. They represent an overwhelming majority of the population of the world. Bound together in solemn agreement that they themselves will not commit acts of aggression or conquest against any of their neighbors, the United Nations can and must remain united for the maintenance of peace by preventing any attempt to rearm in Germany, in Japan, in Italy, or in any other nation which seeks to violate the Tenth Commandment — "Thou shalt not covet."

There are cynics and skeptics who say it cannot be done. The American people and all the freedom-loving peoples of this earth are now demanding that it must be done. And the will of these people shall prevail.

The philosophy of the Axis Powers is based on profound contempt for the human race. If, in the formation of our future policy, we were guided by the same cynical contempt, then we should be surrendering to the philosophy of our enemies, and our victory would turn to defeat.

The issue of this war is the basic issue between those who believe in mankind and those who do not —the ancient issue between those who put their faith in the people and those who put their faith in dictators and tyrants. There have always been those who did not believe in the people, who attempted to block their forward movement across history, to force them back to servility and suffering and silence.

The people have now gathered their strength. They are moving forward in their might and power —and no force, no combination of forces, no trickery, deceit or violence, can stop them now. They see before them the hope of the world—a decent, secure, peaceful life for all men everywhere.

I do not prophesy when this war will end.

But I do believe that this year of 1943 will give to the United Nations a very substantial advance along the roads that lead to Berlin and Rome and Toyko.

I tell you it is within the realm of possibility that this Seventy-Eighth Congress may have the historic privilege of helping greatly to save the world from future fear.

Therefore, let us—all of us—have confidence, let us redouble our efforts.

A tremendous, costly, long-enduring task in peace as well as in war is still ahead of us.

But, as we face that continuing task, we may know that the state of this Nation is good—the heart of this Nation is sound—the spirit of this Nation is strong—the faith of this Nation is eternal.

FRANKLIN D. ROOSEVELT.

The White House, Jan. 7, 1943.

According to Associated Press advices from Washington, Jan. 8 President Roosevelt at his press conference that day requested that a belated insert be placed in his message to Congress. The accounts went on to say:

"He said that in transcribing the ninth and final draft, a small omission had been made by his secretarial staff in his discussion of production figures.

He had planned to include in them these two sentences:

"In 1942 we built 8,090,000 tons of merchant ships. In this we exceeded the goal set."

Mr. Roosevelt told reporters he did not want anyone in shipyards or maritime work to think there had been a deliberate omission which would fail to give them their due credit.

From Washington

(Continued from first page)

There has been a pronounced change in the attitude of the Bureaucrats towards them.

In recent years, with Congress having lost its prestige, it became a secondary run for the newspapermen. Uptown got the spotlight. The result was that the utterances of the members got very little prominence. In an occasional tilt with the Bureaucrats these latter got the headlines, the arguments of Congress were subordinated. Newspapermen fell into the habit of quoting little unnamed subordinates of the Executive branch in propaganda against Congress. But now, if the November elections accomplished nothing else, they have served to throw the spotlight and the first string newspaper coverage back on the hill.

As things are shaping up, it is apparent that there will be a steadily increasing drive on the part of Congress to run the bureaus with Mr. Roosevelt given a free hand to run the war. This is written for the benefit of those nervous editors who are expressing fear that the new, revitalized Congress, in its exuberance, will interfere with the conduct of the war. Some of these same gentlemen, even Republicans, were sorely afraid of an overturn last November for the same reason. They were afraid Hitler would get some comfort out of it, look upon it as a repudiation of the war. Instead of this being the case, it developed that the overturn was just about one of the healthiest things that could happen to the country. The fact is that thousands of citizens are more enthusiastic about prosecuting the war now than they were before November. It was something that was not widely advertised but it was a fact that a dangerously large number of people were so discouraged over what they saw happening at home that they couldn't, for the very life of them, throw their whole spirit into the war.

And I predict that to the extent that Congress does take over running the bureaus, their personnel and their operations, the better conduct of the war there will be. This is true because Mr. Roosevelt is not a good executive, has admitted it any number of times, and if he were the best in the world it would be utterly impossible for him to keep track of this sprawling bureaucratic mess.

Just after the 1936 election Mr. Roosevelt told Jim Farley that he could have conducted a better campaign against the New Deal than Landon and when Jim asked how, Mr. Roosevelt replied "our administrative weakness, that's where we are vulnerable," or words to this effect.

But you watch, when Congress begins acting up, a lot of nervous Willie editors, and conservatives, too, will begin to view with alarm.

Extend V-Mail Service

Postmaster Albert Goldman of New York announces that arrangements have been made to extend the V-Mail Service, which was inaugurated on June 15, 1942, to correspondence between persons residing within the United States and members of the British Armed Forces or the American Field Forces serving with the British in the Middle East.

Such letters should be addressed to the individual with his rank, service or headquarters and marked "Middle East Forces" or "MEF."

Cleve. Reserve Bank Appointees Announced

The Board of Governors of the Federal Reserve System has made the following designations and appointments at the main office of Federal Reserve Bank of Cleveland and its Cincinnati branch, it was announced Jan. 2 by M. J. Fleming, President of the Bank:

George C. Brainard, a Class C Director and President of The General Fireproofing Co. of Youngstown, whose term expires Dec. 31 next, has been designated Chairman of the Board and Federal Reserve Agent for the calendar year 1943.

R. E. Klages, President of The Columbus Auto Parts Co. of Columbus, Ohio, a Class A Director, whose term expired Dec. 31, has been appointed Class C Director for a three-year term beginning Jan. 1, 1943. Mr. Klages has been designated Deputy Chairman for the calendar year 1943.

F. A. Brown, an agriculturist of Chillicothe, Ohio, whose term as a director of Cincinnati branch expired Dec. 31, has been appointed a director of that branch for a two-year term beginning Jan. 1, 1943.

Mr. Fleming at the same time announced that the Board of Directors of Federal Reserve Bank of Cleveland had appointed Francis H. Bird, Professor of Commerce of the University of Cincinnati, Chairman of the Board of the Cincinnati branch for the year 1943, and Robert E. Doherty, President of Carnegie Institute of Technology at Pittsburgh, as Chairman of the Board of Directors of Pittsburgh branch for a similar term.

On Dec. 31 the Board of Directors of Federal Reserve Bank of Cleveland announced the following changes in the official staff of the main office, effective Jan. 1, 1943:

W. F. Taylor, Vice-President and Cashier, will on that date relinquish his duties as Cashier and will continue as Vice-President.

A. H. Laning, Assistant Vice-President, has been appointed Cashier.

W. L. Findeisen, Manager of the foreign funds control department, has been appointed Assistant Cashier.

C. J. Bolthouse, Assistant Cashier at Pittsburgh branch, has been transferred to the main office.

Clifford F. Hood, President of The American Steel & Wire Co., Cleveland, Ohio, was appointed a member of the Industrial Advisory Committee for the Fourth Federal Reserve District, to serve the remainder of the term ending Feb. 28, 1943. Mr. Hood's appointment fills the vacancy created by the resignation of E. C. Folsom.

The directors of the Cleveland Reserve Bank also announced, Dec. 30, the following new appointments and changes in the official staff of Pittsburgh branch:

J. W. Kossin, Cashier of the Pittsburgh branch, has been appointed Managing Director, succeeding P. A. Brown, who has resigned his connection with the Federal Reserve Bank. Mr. Brown has accepted a position with The Union Trust Co. of Pittsburgh.

A. G. Foster, Assistant Cashier at the main office, has been appointed Cashier at the Pittsburgh branch.

J. A. Schmidt, Manager of the currency and coin department at the Pittsburgh branch, has been appointed Assistant Cashier at that office.

R. J. Steinbrink, Manager of the fiscal agency department of Pittsburgh branch, has been appointed Assistant Cashier at that office.

F. E. Cobun, Assistant Cashier at the Pittsburgh branch, has resigned.

WPB Curtails Use Of Newsprint By 10%; Sets Consumption At 1941 Net Paid Circulation

The War Production Board announced on Dec. 31 that the tonnage of print paper a newspaper publisher may use in 1943 will be 100% of the amount used by him to produce his net paid circulation in 1941, plus a 3% spoilage allowance.

This action was taken through the issuance of limitation order L-240, effective Jan. 1, which follows recommendations made by the Newspaper Industry Advisory Committee at a meeting in Washington with WPB officials on Dec. 10.

The Printing and Publishing Division of WPB estimates that the order will effect a reduction of 10% in current consumption of print paper, but stressed the fact that this was an over-all estimate for the industry and by no means meant that each publisher would be cut 10%.

Under the order, the WPB said, some publishers will be cut more and some less, depending upon how they use their allotment of print paper, a matter entirely up to them. The great majority of the weeklies and the small town dailies will not be affected at all.

A WPB order governing the use of paper in magazines, L-244, was issued at the same time, limiting publishers to 90% of the paper tonnage used by each during 1942. Other orders governing the use of paper in books, commercial printing and containers are expected to follow shortly, as well as an order governing the production of all pulp and pulp products.

W. G. Chandler, Director of the Printing and Publishing Division of WPB, and Donald J. Sterling, consultant to the chairman on the newspaper and publishing industries, made the following joint statement in connection with the issuance of the order:

"This order we believe to be an equitable one that will meet the immediate requirements of the War Production Board for the conservation of print paper in the conduct of the war effort. It will provide a leveling-off period during which newspaper publishers may gear their publications to additional cuts that may come later.

"We recognize that under the strict terms of the order some newspapers, particularly those whose circulations have increased greatly since 1941, may appear to be hard hit. As the order will be administered, however, no undue hardship will be caused any newspaper. There are established practices of appeal within the WPB, and appeals under the order will be acted upon rapidly and as equitably as possible."

The main reason for the curtailment order, the WPB explained, is that the estimated pulp wood available for consumption during 1943 will be approximately 20,000,000 cords for all North America, including Canada, compared with a current consumption rate of 25,000,000 cords a year.

Shortages of manpower in the woods, tires, trucks and repair parts are primarily responsible for this estimated decrease in pulp wood supply, and in some regions, notably the Pacific Northwest, increased lumber requirements have adversely affected the production of pulp wood.

The WPB announcement further stated:

The first major step in curtailment of the production and use of paper products was taken Oct. 31 of this year, when orders were issued simultaneously by WPB and the Canadian Wartime Prices and Trade Board. Broadly speaking, the production rates of various types of paper products, including print paper, were limited to the average operating rates of the previous six months.

Order L-240 restricts the newspaper publishers but has the effect of equally curtailing the newspaper printer, since in the majority of cases newspapers are printed in captive plants owned by the publishers.

Following are the major provisions of the order:

1. "Newspaper" is defined as any publication usually recognized as a newspaper in the newspaper industry, regardless of the frequency of issuance.

"Printing" means the act or process of printing, impressing or otherwise transferring onto print any ink, color, pigment, mark, character or delineation.

"Publisher" means any one issuing a newspaper.

"Print paper" means any grade or quality of paper used in the printing of a newspaper, or used in the printing of material physically incorporated into a newspaper.

"Net paid circulation" means the sales of a publisher's newspaper audited, or otherwise verified, in accordance with the standards of the Audit Bureau of Circulation.

"Base period" means the year 1941.

2. No publisher, or any person for his account, is allowed to buy, acquire, or in any manner accept delivery of print paper except for the printing of the publisher's newspaper.

3. No publisher is allowed to use or cause to be used for his account print paper for the printing of any newspaper during any calendar quarter in excess of 100% of the amount of print paper used by him, or for his account, in the printing of the net paid circulation of his newspaper during the corresponding calendar quarter of the base period.

4. In order to compensate for the print paper lost to a publisher in wrappers covering paper delivered to him by his supplier and that lost to him through damage in transit and in printing spoilage he may add to the total quarterly amount of print paper authorized 3% of the total amount of print paper used by him in the printing of the net paid circulation of his newspaper during the corresponding quarter of the base period.

5. The following are exempt from the order:

Any publisher who shall use on and after Jan. 1, 1943, 25 tons or less print paper during any calendar quarter. To this quota may be added any print paper used by the publisher to produce copies of his newspaper furnished to the armed services of the United States.

Any newspaper of eight pages or less authorized to be admitted to the mail as second class matter under the provisions of Section 521 of the Postal Laws and Regulations of 1940 pertaining to the publication of benevolent, fraternity, trades union, professional, literary, historical and scientific organizations or societies.

6. Any loan of print paper made by a publisher must be reported by him in a letter sent in triplicate to WPB within 30 days of the loan.

Issuance of the order came only after long study of the problem in all its ramifications by government agencies and leaders of the industry.

In addition to the primary causes for curtailment of the supply, other factors were the expanding smokeless powder program; the demands of the important chemical industries; the increasing need for paper containers growing directly out of the war effort; the loss of burlap formerly imported from India, and manila from the Philippines.

These shortages have put a tremendous burden on the supplies of heavy duty paper bags for war shipment and essential civilian use. Production of multi-wall paper sacks, for example, is expected to jump from 300,000 tons in 1942 to 600,000 tons in 1943.

Production of photographic paper for the army is being stepped up heavily. Such demands have to be met.

The government has made heavy commitments of pulp in its lend-lease program to England and Australia, and sizable tonnages will go to South America under the Board of Economic Warfare's program.

The net result is that with a decline in the supply and new war uses impinging along with the expansion of certain essential civilian uses the remaining uses must be cut.

Print paper, the division emphasized, is regarded as essential, but the pulp wood shortage now developing has made necessary a curtailment in the size of newspapers, magazines and in the use of paper in almost every other type of civilian use.

With careful planning, however, the curtailment can be effected without disruption of the industry. The object of the order is to keep a balance between the total supply and the essential requirements for paper.

Ruml Again Chairman Of N. Y. Reserve Bank

The Board of Governors of the Federal Reserve System announced on Jan. 2 that it has designated Beardsley Ruml as Chairman of the Board and Federal Reserve Agent of the Federal Reserve Bank of New York for the year 1943. Mr. Ruml has been a director of the Federal Reserve Bank of New York since Jan. 16, 1937, and served as Deputy Chairman of the Board from Jan. 19, 1938, to Dec. 31, 1940. He has been Chairman of the Board and Federal Reserve Agent since Jan. 1, 1941. Mr. Ruml is Treasurer of R. H. Macy & Co., Inc., New York.

The Board of Governors has also announced that it has appointed William I. Myers, head of the Department of Agricultural Economics and Farm Management, Cornell University, Ithaca, N. Y., as a Class C Director of the Federal Reserve Bank of New York for a three-year term beginning Jan. 1, 1943. Dr. Myers succeeds Dr. Edmund E. Day, President of Cornell University, who served as a Class C Director of the Bank from Jan. 19, 1938, to Dec. 31, 1942, and who was Deputy Chairman from Jan. 1, 1941, to Dec. 31, 1942. Dr. Myers, in addition to his long service as a Professor of Farm Finance at Cornell University, was Governor of the Farm Credit Administration from 1933 to 1938, and President of the Federal Farm Mortgage Corporation from 1934 to 1938, as well as a Director of the Federal Surplus Relief Corporation, and the Commodity Credit Corporation.

At the Buffalo Branch of the Federal Reserve Bank of New York, the Board of Governors announced the appointment of Gilbert A. Poole, Genesee Farm Supply Co., Batavia, N. Y., as a Director of the branch for a three-year term beginning Jan. 1, 1943. Mr. Poole has served as a Director of the Buffalo branch since Jan. 1, 1938.

Staff Changes In ABA Announced By Stonier

Three members of the staff of the American Bankers Association have been appointed Deputy Managers of the Association, according to an announcement of staff changes made by A. B. A. Executive Manager Harold Stonier made public Jan. 4. The changes are announced as follows:

"Dr. Ernest M. Fisher, who has been Director of Research in Mortgage and Real Estate Finance for the Association, has been appointed Deputy Manager in charge of the Savings Division and will continue to be in charge of the Mortgage and Real Estate Finance Department.

"J. R. Dunkerley, who has been Assistant Secretary of the Savings Division, will be associated with Dr. Fisher as Secretary of the division. In addition, Mr. Dunkerley has been advanced from Assistant Secretary to Secretary of the Membership Committee.

"William Powers, Director of the Department of Personnel and Customer Relations, has been named Deputy Manager and will continue in charge of that department.

"J. E. Drew, who has been Secretary of the Association's Public Relations Council and Secretary of the National Ration Banking Committee, has been named Deputy Manager in charge of those activities.

"Walter B. French, who has been Deputy Manager in charge of the Association's Consumer Credit Department, will assume the responsibilities of the State Bank Division and the Bank Management Commission in addition to his present activities.

"Melvin C. Miller, formerly Assistant Secretary of the State Bank Division and of the Bank Management Commission, will be associated with Mr. French as Secretary of both the division and the commission.

"William T. Wilson has been promoted from Assistant Secretary to Secretary of the State Secretaries Section and will continue as Director of the Public Education Committee.

"Col. Frank W. Simmonds, Senior Deputy Manager of the Association, will devote his attention to general administrative responsibilities in association with the executive manager.

Lumber Movement—Week Ended Jan. 2, 1943

According to the National Lumber Manufacturers Association lumber shipments of 431 mills reporting to the National Lumber Trade Barometer exceeded production by 32.5% for the holiday week ended Jan. 2, 1943. In the same week new orders of these mills were 34.9% greater than production. Unfilled order files in the reporting mills amounted to 80% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 45 days' production.

For the year, 1942, as reported to the Barometer, shipments of reporting identical mills exceeded production by 13.2%; orders by 18.5%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 26.3% greater; shipments were 28.5% greater, and orders were 16.3% greater.

1943 V-Book Campaign

The 1943 Victory Book Campaign for the collection of books for the armed forces opened Jan. 5, and will run until March 5, according to the "War Advertising Bulletin" of the Advertising Federation of America. The general campaign is under the joint sponsorship of the American Library Association, the American Red Cross and the United Service Organizations. The emphasis in this year's campaign is being placed on quality rather than quantity—not just books, but good books in good condition. The Federation calls on the War Advertising Committees of Advertising Clubs to help in promoting and publicizing the campaign. Some of the suggested slogans for the drive are "Count Your Books and Give the Books that Count," "Any Book You Really Want To Keep Is A Good One to Give," and "Give More Books, Give Good Books."

Judge Marsh Named To Movie Appeal Board

Judge Henry W. Goddard of the United States District Court, on Dec. 30 appointed Robert McCurdy Marsh, former Justice of the Supreme Court of New York, a member of the Appeals Board of the Motion Picture Arbitration System, it was announced by the American Arbitration Association, administrator of the System. At the same time, the elevation of George W. Alger, a member of the Appeals Board since its inception in 1940, to the Chairmanship of the Board, was also disclosed. The chairmanship has been vacant since the recent death of Judge Van Vechten Veeder, Chairman since 1940. As a member, Judge Marsh will receive a salary of $17,500 and as Chairman of the Board, Mr. Alger will receive $20,000. The Appeals Board of the Motion Picture Arbitration System was set up under the consent decree signed by Judge Goddard in 1940. The decree terminated the government's Sherman antitrust suit against five major motion picture producing and exhibiting companies. The arbitration system, administered by the American Arbitration Association, provides facilities for the arbitration of grievances arising between film distributors and independent exhibitors. The Appeals Board sits in final judgment on any appeals from arbitrators' decisions. Judge Marsh, a member of the law firm of Delafield, Marsh, Porter & Hope, has been prominently identified with the New York Bar since 1903 and was President of the New York County Lawyers Association until early this year. He is now serving as Compliance Commissioner for the New York State and Northern New Jersey area for the War Production Board.

OPA Is Urged To Modify Residential Sales Rules

Modification of present requirements of the Office of Price Administration affecting sales of residential property which unnecessarily cut off the possibility of home ownership from a very large proportion of the people in practically every community in which they are in effect, is advocated according to the consensus of reports from cities to the National Association of Real Estate Boards through its Realtors' Washington Committee. The hardship, falling primarily upon persons of small income and largely upon war workers, is bound to affect adversely both our social economy and the war effort, the Association's Realtors' Washington Committee said, in bringing this to the attention of OPA officials. The association, under date of Jan. 9, says:

"The regulations, part of OPA's present regulation for rent control and in effect wherever rent control is in effect, require a one-third cash down payment and a 90-day notice in the purchase of residential property that involves involuntary dispossession of an existing tenant.

"Their purpose to prevent 'sales' made only to evade rent control could be achieved without so severe a requirement, one that disturbs established home financing practices, the association holds. It asks that the regulations be modified, and has made specific suggestions as to how this could soundly be done.

"Real estate boards in cities over the country that are under rent control made reports on the effect of the sales regulations on their own communities. These the National Association has brought to the attention of OPA officials in seeking an adjustment which will achieve the purposes of the Rent Control Act without unnecessary stoppage of our national policy in respect to home financing and home ownership.

World War II Has Made Industrial Cities More Dependent On Savings-Loan Financing

CHICAGO, ILL.—That the first full nine months of America's participation in World War II made some of the big war industry cities more dependent on savings and loan association financing for housing than in peacetime is shown in a report today by the Home Building and Home Owning Committee of the United States Savings and Loan League. The news comes on the eve of the 112th anniversary of the organization of the first association of this kind in America.

One group of cities where dollar volume of loans by these institutions was larger during January through September, 1942, than for the same period of 1941, and another group where the percentage of mortgage funds derived from savings and loan sources rose over the previous year are cited by John F. Scott, St. Paul, Minn., chairman of the committee.

The general trend of mortgage lending in the nation from all sources has been downward as compared with 1941, it is recalled.

The committee of the League surveyed twenty-three cities each with more than 100,000 inhabitants, containing 46% of all the nation's population living in such large centers. In these cities the savings, building and loan associations and cooperative banks made $275,000,000 of loans during the first nine months of the past year. In twelve of them the dependence on this type of institution for funds to finance the building or purchase or remodelling of housing was more than 33%, and in four of them, Baltimore, Cincinnati, Dayton, Ohio, and New Orleans, more than 60% of the dollar volume of loans for housing came from these institutions.

Five of these cities, Atlanta, Baltimore, Cleveland, Louisville and San Francisco, got a larger percentage of their mortgage funds from savings and loan sources than in the first nine months of 1941. Increases in the savings and loan proportion of the period's lending ranged from one to four points, the largest upward change showing in San Francisco.

In four cities, Baltimore, Milwaukee, Philadelphia and San Francisco, an increase of $1,600,000 in the savings and loan advances was reported for the first nine months of 1942 over 1941.

Chas. Wilson Heads US Section Of Joint War Production Board

Appointment of Charles E. Wilson, Production Vice-Chairman of the War Production Board, as Chairman of the United States Section of the Joint War Production Committee of the United States and Canada, is part of a plan to make still more effective the program of cooperation between Canada and this country, Donald M. Nelson, Chairman of the War Production Board, recently explained. Mr. Wilson's appointment to the two-nation committee followed the addition of Canada to the Combined Production and Resources Board. The announcement of the WPB said:

"The Joint War Production Committee acts to solve problems in munitions production common to Canada and this country. Mr. Nelson made the appointment with the approval on Nov. 20 of President Roosevelt.

"Mr. Wilson succeeds J. S. Knowlson, WPB Vice Chairman, who became head of the United States Section of the Joint Committee on Aug. 26, and who in turn succeeded Milo Perkins, Executive Director of the Board of Economic Warfare."

In a letter to the President recommending the appointment, Mr. Nelson said in part:

"By agreement with the Canadian authorities, an arrangement has been made by which Canada will be represented on the Requirements Committee of the War Production Board by each of the several agencies which at present represent the various sectors of our domestic economy on that committee.

"Thus, the United States Army representative on the Requirements Committee will present total Canadian Army requirements in addition to the requirements of our own Army; the United States Navy and Maritime Commission representatives will present the Canadian Naval and merchant shipping requirements; and the Office of Civilian Supply of the War Production Board will present the Canadian non-military requirements.

"This arrangement (appointment of Mr. Wilson to the Joint Committee) was taken as an additional step in carrying out your proclaimed policy that, in the interest of the maximum war effort, the American and Canadian economies should be treated as one."

Baruch Gives $1,000,000 To War Relief Agencies

Bernard M. Baruch, financier, who was Chairman of the War Industries Board in the first World War and recently headed President Roosevelt's Rubber Fact-Finding Committee, revealed on Dec. 23 that he had made a gift of $1,000,000 in United States Government bonds to 15 war relief organizations.

Although desiring no publicity with respect to his gift, as is his usual custom, Mr. Baruch made public the list of recipients after being advised that piecemeal announcements were bound to be made by the various beneficiaries.

The list of recipients and the amounts they received were indicated as follows in the New York "Herald Tribune" of Dec. 24:

Army Emergency Relief	$200,000
Navy Relief Society	200,000
Admiral Emory S. Land, War Shipping Administrator and Chairman of the United States Maritime Commission, for the United Seamen's Service	100,000
The American Red Cross	100,000
Russian War Relief, Inc.	100,000
United China Relief, Inc.	100,000
The British War Relief Society	100,000
The American Friends Service Committee	20,000
The Joint Distribution Committee	20,000
The Greek War Relief Association, Inc.	10,000
Norwegian Relief, Inc., 135 South La Salle Street, Chicago	10,000
The American Friends of Czecho-Slovakia	10,000
The American Committee for Christian Refugees, Inc.	10,000
The Catholic Committee for Refugees from Germany	5,000
The Unitarian Service Committee, 25 Beacon Street, Boston	5,000

The balance of $10,000 will be specifically earmarked later, Mr. Baruch noted in a letter to the Central Hanover Bank and Trust Co., New York City, instructing the institution to segregate the bonds as indicated in the list.

Although most of Mr. Baruch's letters to the recipients of the gift did not contain any stipulations as to their use, he did indicate in his letters to Secretary of War Stimson and Secretary of the Navy Knox that each of their two organizations turn over $25,000 of the allotment to the United Service Organizations.

In his letter to Allen Wardwell, Chairman of the Russian War Relief campaign, notifying him of the gift, Mr. Baruch said:

"This is my contribution to the fund being raised for this brave ally.

"Although I am not a supporter of the Moscow system of government, I am an admirer of the bravery of the Russian people, and I am deeply grateful for what their efforts mean to us."

US And Mexico Sign New Trade Agreement

The United States and Mexico signed on Dec. 23 a reciprocal trade agreement, designed to facilitate trade between the two countries during the existing emergency and to provide an improved basis for expansion of that trade after the war.

"The reciprocal benefits for which it provides," the State Department said, "include tariff reductions and bindings of existing customs treatment on specified products imported from the other country, while the general provisions of the agreement include mutual assurances of non-discriminatory trade treatment."

The agreement was signed in Washington by Secretary of State Cordell Hull and Dr. Francisco Castillo Najera, the Mexican Ambassador. It was the 25th accord negotiated since the Administration's reciprocal trade program was started in 1934. The trade pact will run for three years unless extended for a longer period.

Washington Associated Press advices published in the "Wall Street Journal" of Dec. 24 said:

"The United States obtained tariff reductions on 76 items while the duties on 127 others were frozen at present levels. In return more than 60 items exported to the United States by Mexico are affected by the agreement.

"Among the concessions made by Mexico are the binding of the present duty on automobiles, trucks and tractors, of which Mexican purchases in 1940 amounted to $6,988,000; a reduction of 50% on the duty on machinery and appliances, of which the United States supplied 70% of Mexico's imports in 1940 valued at $1,695,000; and a 17% decrease in the rate on radios and radio equipment, a $1,482,000 item in this country's 1940 foreign trade.

"Other reductions came on: wheat, 40%; lard, 21.7%; refrigerators, 20%.

"Many items vital to the war figure in the concessions made by the United States to Mexico and significantly the pact removes all quotas on the importation of crude petroleum and fuel oil at the frozen rate of one-fourth cent per gallon. Previously Mexico's exports of petroleum crude and fuel oil to this country at this rate were limited by quota while all in excess of the quota were subject to one-half cent a gallon duty.

"The pact automatically ends similar quota limitations on imports of oil from Venezuela, Colombia, the Netherlands Kingdom and other countries.

"Other United States concessions include: lead, 50% reduction; zinc, 50%; tomatoes, 50%; huaraches or woven sandals, 50%; removal of quotas on cattle imports; freezing of rates on many other items important in Mexico's export trade.

"In November, 1941, Mexico and the United States arrived at a broad overall settlement of longstanding differences.

"As a result of the 1941 pact the two governments already have settled the ticklish oil expropriation problem, reached a final agreement on payment of opposing claims, and mutually embarked on a broad program of development of Mexican industries and railroads."

Treasury Booklet On Foreign Funds Control

The Treasury Department on Dec. 24 made public a booklet, "Administration of the Wartime Financial and Property Controls of the United States Government," in which, it is announced, is contained the most complete statement of the scope and operations of Foreign Funds Control released to date. The Treasury Department says:

"This booklet was prepared in June, 1942, for the use of the delegates to the Inter-American Conference on Systems of Economic and Financial Control and has not been materially revised since that time. The Treasury Department believes, however, that it is now appropriate to make this document generally available to persons interested in the purposes and functions of Foreign Funds Control even though since its issuance many developments have taken place in the operations and policies of the Control.

"The booklet contains much heretofore unrevealed information on the Government's wartime financial controls which will be of interest to the financial public and to all persons interested in increasing the effectiveness of economic warfare against the Axis."

On Fair Employment Board

Boris Shiskin, economist of the American Federation of Labor, has been designated by President Roosevelt as an alternate member of the President's Committee on Fair Employment Practice, it was announced on Dec. 21 by the committee. Mr. Shiskin, who serves as consultant to a number of government agencies, was named to serve for William Green, President of the A. F. of L., on occasions when it is not possible for him to attend the meetings of the committee. Mr. Shiskin will replace Frank Fenton, director of organization of the A. F. of L., who has been an alternate member since the launching of the committee. John Brophy serves as alternate for Philip Murray, president of the CIO. The announcement of the OWI further states Mr. Shiskin is at present serving as consultant to the commissioner, Federal Public Housing Authority; co-chairman of the labor policy committee, Office of Price Administration, and consultant to the labor production division of the War Production Board. In the past he also has served without compensation in other advisory capacities in the Federal government and was a member of the President's Advisory Committee on Unemployment Census in 1937.

Australian "Austerity" Loan Oversubscribed

Oversubscription by £4,200,000 of the £100,000,000 Australian "Austerity" Loan is announced by Treasurer Joseph B. Chifley, according to word received in New York by the Australian News & Information Bureau. Subscriptions to the cash loan of £77,300,000 totaled £82,300,000 from 420,000 applicants, while £21,900,000 of the maturing loan of £22,700,000 was converted, making a total subscription of £104,200,000. The announcement dated Dec. 18, added:

"Excess cash subscriptions will be used for war purposes, and non-converters in the maturing loan will be paid off from sinking fund.

"The number of applications, amount received, and conversion of 96% are records for Australian Commonwealth loans.

WLB Speeds Handling Of Labor Dispute Cases

Decisions on all labor disputes and two-thirds of all voluntary wage and salary adjustment cases will be made in its regional offices under a sweeping two-fold decentralization plan announced Dec. 23 by the National War Labor Board. The Board states that "the two-fold program will simplify procedure for handling wage and salary adjustment requests and will bring faster action on dispute cases." The Board adds:

"When in complete operation, the program to speed up handling of dispute cases will make the 12-man War Labor Board in Washington almost exclusively a supreme court which would hear only appeals from the regions and from its industry commissions. The WLB, however, would retain the right to review any decisions on its own motion."

"Plans for decentralization of dispute cases have been considered by the Board for some time," George W. Taylor, Acting Chairman of the Board, said: "They were temporarily shouldered out of the way by the wage and salary stabilization program, the responsibilty for which was given the Board October 3. Now that the Board's field organization has been set up and is able to take on this new duty, the Board is in a position to put these plans regarding dispute cases into operation." Mr. Taylor further said:

'The goal towards which the Board is aiming in its decentralization program is a simplified procedure under which Mary Jones, who works behind a counter in a department store, and Henry Miller, who handles a machine in a war factory, can get quick action on the requests of their employers or unions for wage or salary adjustments.

"The Board wants to cut red tape to a minimum without relaxing in any way the heavy responsibility which has been placed upon it under the stabilization program."

From the Board's announcement we also quote:

"Detailed plans now are being worked out to establish panels composed of public, management and labor representatives in the major cities of the country to which will be referred all labor disputes which cannot be settled by the United State Conciliation Service. The only exceptions will be cases of national significance or those which involve consideration of major policy over which the Board will reserve the right to assume original jurisdiction.

"As soon as the panels are established and plans of procedure completed, the Board will announce the entire program.

"The panels will make their recommendations to the Regional Advisory Board, just as national panels now report to the WLB. The Regional Advisory Board's decisions then will be final, subject to certain rights of review and appeal to be announced in detailed rules of procedure."

A.B.A. Head To Address Commerce Chamber

W. L. Hemingway, President of the American Bankers Association, will address the Chamber of Commerce of the State of New York at the first meeting of the new year on Jan. 7. Mr. Hemingway, who is President of the Mercantile-Commerce Bank & Trust Co. of St. Louis, will discuss the national debt and the part the banks of the United States are playing in helping to finance the war. It will be his first address in New York since he was elected President of the A. B. A. last September.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Jan. 8, figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Dec. 26, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 26 (in round-lot transactions) totaled 1,080,526 shares, which amount was 13.27% of total transactions on the Exchange of 4,066,020 shares. This compares with member trading during the previous week ended Dec. 12 of 799,175 shares, of 11.15% of total trading of 3,582,120 shares. On the New York Curb Exchange, member trading during the week ended Dec. 26 amounted to 216,240 shares, or 13.26% of the total volume of that Exchange of 815,160 shares; during the preceding week trading for the account of Curb members of 201,660 shares was 14.22% of total trading of 705,635 shares.

The Commission made available the following data for the week ended Dec. 26:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	950	658
1. Reports showing transactions as specialists	170	90
2. Reports showing other transactions initiated on the floor	153	28
3. Reports showing other transactions initiated off the floor	184	78
4. Reports showing no transactions	527	532

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 26, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	68,260	
‡Other sales	3,997,760	
Total sales	4,066,020	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	286,820	
Short sales	46,170	
‡Other sales	219,520	
Total sales	265,690	6.79
2. Other transactions initiated on the floor—		
Total purchases	143,830	
Short sales	6,500	
‡Other sales	114,100	
Total sales	120,600	3.25
3. Other transactions initiated off the floor—		
Total purchases	119,830	
Short sales	11,400	
‡Other sales	131,356	
Total sales	142,756	3.23
4. Total—		
Total purchases	550,480	
Short sales	64,070	
‡Other sales	464,976	
Total sales	529,046	13.27

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 26, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	3,365	
‡Other sales	811,795	
Total sales	815,160	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	55,245	
Short sales	2,565	
‡Other sales	78,565	
Total sales	81,130	8.36
2. Other transactions initiated on the floor—		
Total purchases	18,550	
Short sales	300	
‡Other sales	11,600	
Total sales	11,900	1.87
3. Other transactions initiated off the floor—		
Total purchases	30,925	
Short sales	400	
‡Other sales	18,090	
Total sales	18,490	3.03
4. Total—		
Total purchases	104,720	
Short sales	3,265	
‡Other sales	108,255	
Total sales	111,520	13.26
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	67,537	
Total purchases	67,537	
Total sales	23,570	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Steel Operations at Higher Rate—Plate Output To Rise Sharply—War Demand Heavy

"As the conversion period for the Controlled Materials Plan proceeds, metal users are beginning to scramble after favorable positions at the barrier for scarce materials," says "The Iron Age" in its issue of today (Jan. 14), further adding in part: "Several of the leading claimant agencies under the Controlled Materials Plan are requesting such large amounts of steel for second quarter that the Requirements Committee will have to make sharp cuts in quotas in order to balance vital demands with available supplies. Army and Navy requests alone are reported to be considerably higher than expected. Claims for cold finished steel bars, for example, are far above available production capacity. Adding tension to the picture is the scheduled increase in lend-lease shipments of manufactured items.

"According to plans last week, the Maritime Commission will be given steel plates needed for the 1943 goal of 18,000,000 tons of merchant ships and it may be that plates for additional ships will be available. Plate production is scheduled to move up rapidly in the next six months.

"New recognition has come for the important role played by steel warehouses, which are permitted to take considerable steel between now and March if they can get it. Another interesting development is the action by H. G. Batcheller, director of the WPB steel division, concentrating a large part of the now limited production of concrete reinforcing bars in steel rail rerolling mills. These mills produce steel bars from old railroad rails and compete with billet reinforcing bar makers. Some billet mills have on hand large amounts of top cuts from shell steel heats which they planned to roll into reinforcing bars.

"The first week of the new year saw the steel industry in no particularly changed position either from an operating or supply standpoint. New business was still expanding at several of the major production centers, but in the Chicago area the trend of new order volume was reported downward, in most cases reflecting adjustments to meet PRP and CMP situations. The alloy steel supply situation continues acute everywhere."

The American Iron and Steel Institute on Jan. 11, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning Jan. 11, compared with 97.0% one week ago, 98.4% one month ago and 95.1% one year ago. This represents an increase of 2.3 points or 2.4% from the preceding week. The operating rate for the week beginning Jan. 11 is equivalent to 1,698,700 tons of steel ingots and castings, compared to 1,659,400 tons one week ago, 1,683,300 tons one month ago, and 1,615,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Jan. 11 stated in part:

"Changed emphasis on production of various types of war goods is reflected in ratings and allotments on Production Requirements Plan certificates for first quarter. Developments in the war and quantity of war material accumulated last year have influenced this trend and in a general way it means greater emphasis on output of offensive weapons and less on defensive types.

"Controlled Materials Plan has no effect on PRP procedure for first quarter but is scheduled to take over distribution from PRP in second quarter.

"Some consumers have requested that part of their tonnage be deferred until second quarter as their first quarter PRP quotas do not cover their contracts. Delay in receiving quotas caused consumers to place orders to cover estimated requirements only to find they were allowed less tonnage. This condition was less marked than at the beginning of fourth quarter.

"Steel bars, both carbon and alloy, continue the tightest spot in the matter of delivery, especially in large diameters and large flats.

"Sheet mills are receiving cancellations of tonnage on books, especially in lighter gages, as consumers find delivery unlikely in the face of preponderant demand for heavier gages rolled on continuous mills. Deliveries on hot-rolled sheets are about 60 days, with cold-rolled slightly longer and galvanized up to three months.

"Steel ingot production in 1942 exceeded all former records, total for the year being 86,092,209 net tons. Fourth quarter and last half output set new records for those periods. December production was 7,303,179 tons, higher than November but fourth for the year, having been exceeded in March, May and October. The industry averaged 96.9% of capacity through the year."

Urges Banks to Exchange Hawaiian Currency for Regular US Series Bills

Allan Sproul, President of the Federal Reserve Bank of New York, advised all banks in the Second Federal Reserve District on Dec. 29, at the request of the Treasury Department, that United States currency, Hawaiian series, should be freely received by them in exchange for regular series United States currency. Mr. Sproul said that the Reserve Bank will exchange regular series U. S. currency for the Hawaiian series, presented by any person, including a bank, having possession of the same. He added that the Hawaiian series should not be otherwise held or dealt in by any bank.

It is explained that the Hawaiian series, which is the same in all respects as ordinary U. S. currency, except that the word "Hawaii" is overprinted on the face and reverse of the note, is intended for circulation in the Territory of Hawaii, and it is desirable that its circulation in the United States be restricted as much as possible. The bank further said that some Hawaiian currency will probably be brought into the continental United States because of the departure from the Territory of military and civilian personnel.

The new series of Hawaiian currency came into use in July, replacing ordinary U. S. currency, in a move designed for the protection of Hawaiian citizens and the economic defense of Hawaii (referred to in these columns July 23, page 274).

Contract Gives Bolivia Credit of $15,500,000

A contract providing a $15,500,000 credit to Bolivia for development of mineral resources, diversification of agriculture and construction of highways was signed in Washington on Dec. 29 by Warren Lee Pierson, President of the Export-Import Bank, and representatives of Bolivia. The Bolivian signers were Dr. Luis Fernando Guachalla, Bolivian Ambassador, and Rowland A. Egger, general manager of the Corporacion Boliviana de Fomento (Bolivian Development Corporation.)

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 8 a summary for the week ended Jan. 2, 1943, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Jan. 2, 1943

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	21,648
Number of Shares	604,112
Dollar Value	19,766,536
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	135
*Customers' other sales	31,929
Customers' total sales	32,064
Number of Shares:	
Customers' short sales	2,937
*Customers' other sales	862,920
Customers' total sales	865,857
Dollar Value	19,772,174
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	310
†Other sales	388,310
Total sales	388,620
Round-lot Purchases by Dealers—	
Number of Shares	108,790

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

President Plans No Order Regulating Cutting On Private Timber Lands

The Forest Service denied on Dec. 29 that President Roosevelt was considering an executive order regulating cutting practices on private timber land, and said: "A considerable amount of misunderstanding and misinformation is going around" with regard to the agency's policies.

In reporting this, Associated Press Washington advices said:

"A spokesman, quoting from the Forest Service's annual report issued Dec. 22, said the service 'believes that now, more than ever before, public regulation of cutting and other closely related forest practices is needed to keep private forest lands reasonably productive on a national scale.'

"But, he said, this represented no new policy, and was simply the latest statement of the service's attitude.

"The spokesman's remarks were prompted by charges of Arkansas State Forester, Fred H. Lang, who asserted yesterday (Dec. 28) that the agency was privately asking the President to issue an executive order regulating cutting practices, while publicly denying such a plan was afoot."

Mexican Chamber OKs Settlement of Debt

The Mexican Chamber of Deputies has approved the agreement for the resumption of service of the Mexican public debt.

The agreement had been negotiated in November by Eduardo Suarez, Mexican Finance Minister, and the International Committee of Bankers on Mexico, headed by Thomas W. Lamont, of J. P. Morgan & Co., Inc. The settlement covers the holders of bonds of the direct external public debt of Mexico, only to the extent that such debt is not enemy-owned or controlled.

The details of the Mexican plan appeared in these columns Dec. 17, page 2169, and the schedule of annuity payments was given in our issue of Dec. 31, page 2334.

Forsees National Debt Of $250 Billion But Declares Nation Can Liquidate It

W. L. Hemingway, President of the American Bankers Association, speaking at the monthly meeting of the Chamber of Commerce of the State of New York on Jan. 7, said that the present favorable trend of the war justified an expectancy that the peak of borrowings by the Federal Government may be reached within two-and-a-half years and would total about $250,000,000,000. Mr. Hemingway, who spoke on the subject "Our National Debt," was optimistic as to the ability of the nation to liquidate the debt. In his remarks he said:

"In view of the favorable turn the war seems to have taken, it is not unreasonable to expect that the peak of the government's borrowings may be reached by July 1, 1945. If that guess is approximately correct, then the total will probably be about $250,000,000,000—a sum certainly large enough to impose very heavy burdens upon us, but yet within manageable proportions."

In considering the debt problem, he said it should be borne in mind that the United States is a young and vigorous nation with varied and abundant natural resources which has built up an industrial and transportation system which is "the envy of the world."

Declaring that "we must see that our resources are wisely used and that we administer our affairs as prudent men should," Mr. Hemingway went on to say:

"What do prudent men do when they find themselves faced with a heavy debt? For one thing they cut down their expenses, and that is what Uncle Sam has got to do. I think you will all agree with me that we want every dollar provided that may be necessary for the successful conduct of the war, but we insist that waste in all departments of the government be eliminated now. The reports of committees of Congress such as those headed by Senator Truman and Senator Byrd indicate what can be done in that direction, and the November elections give confirmation to the determination of the people that extravagance in government must stop. A government like a business must ultimately balance its budget if it is to remain solvent, and a government heavily in debt cannot afford the luxury of innumerable bureaus whose intentions may be good but whose existence is by no means necessary. Before our debt reached today's proportions those adventures into the field of human happiness may have been justified, but I can think of no one thing that will bring as much unhappiness to so many of our people as the collapse of the government credit.

"Of course the budget cannot be brought into balance during war, but the steps looking to that end after the close of the war can be taken and the road made easier for its final accomplishment by the adoption of a program of elimination of many of the non-defense activities."

Mr. Hemingway, who besides being head of the ABA, is also President of the Mercantile-Commerce Bank & Trust Co. of St. Louis, pointed out in his address that "if we are to do our duty as a great world power" after victory has been won, "we must be willing to give up isolationism, to think in world terms." In part he continued:

"We must help the nations of the world to restore the trade of the world. We cannot be prosperous in a world either spiritually or financially bankrupt. The events of the last few years have proven that. Therefore, if we are to have prosperity in this country we must see that the wheels of industry are started up all over the world. I do not think that free trade is necessary for that, nor do I advocate the abolition of tariffs—a continuation of Mr. Hull's method of trade agreements should enable trade to thrive again. The people of the world must be put to work so that they can find the means to rebuild their homes, their schools and their churches. We have tons of gold and silver stored away in our vaults, which should be put to work for our benefit and for the sake of the stricken people of other lands. I do not mean that we should dish this wealth out in a maudlin sentimental way. We cannot be Santa Claus to the whole world. But I think we can adopt a strictly business-like program in which we advance our money as good business men would. To be more specific, I would call your attention to the quantities of supplies of all kinds that are being sent abroad under the Lease-Lend Law. If it is proper, and I think it is, to send butter and guns to our allies for their sustenance and their defense, why will it not be good business, after the dictators have been put to sleep, to also send gold and silver to enable our allies and our former enemies too to establish a sound banking and currency system? And again I say the transaction should be treated as business and hedged about by agreements and conditions prepared by men who understand the subject."

Emphasizing that "if we are to be successful in reestablishing a sound economy in the world, business and government must pull together," Mr. Hemingway said:

"There must be developed a new and better relationship between them. Each has an important part to play and success will depend upon how harmoniously their actions are coordinated. It seems to me that government should do those things that are of a political nature and are for the general good, and leave to private enterprise the field of business and commerce. As nothing is more disruptive to international commerce than the uncertainty of the value of the money to be received in the payment of goods, no greater help can be given to the restoration of world trade than by enabling the great nations to place their financial houses in order again. This means that a method of settling trade balances in gold must be set up, and to accomplish this our government can very properly lend gold and silver to foreign governments for long terms and at low rates of interest. As I have said, the terms and conditions should be determined by experts in foreign exchange and currency matters. Once such a sound system is in operation and confidence is restored the business men will soon start to operate under the protection thus provided by exchanging the products of farm and factory and we will be on our way again to a period of world prosperity."

In asserting that "the war must and will be financed," Mr. Hemingway noted that "it can be done in one of three ways—viz:

"First by printing paper money, Uncle Sam's demand I. O. U.'s. Fortunately this generation has seen the evils of that route and will have none of it. The second is by borrowing from the Federal Reserve Banks directly, but that is but little removed from the paper money way because the Reserve banks would issue the money against the government's notes or give credit on their books to the government, which would pay it out for war purposes. It would then flow into the commercial banks increasing their legal reserves, thus inviting further inflation. So we come to the third and least objectionable way, and that is by borrowing from the public and the banks."

Mr. Hemingway observed that "both the Treasury and the banks want to see the banks buy as small a part of the succeeding issues as possible, because both understand that when the banks buy the bonds new bank credit or money is created and remains in circulation until their bonds are paid or taken by the public—an inflationary act to be avoided as much as possible. The banks should be only underwriters and distributors and not permanent investors," he said. He likewise stated that "the results of the last campaign are most encouraging, but the proportion taken by banks is still too large, and it is hoped that the sales efforts in the next drive will result in a larger distribution outside of the banks. They should be regarded as the last reserve to be used only to the extent that may be necessary to fill the government's needs."

Sees Post-War Price Control and Rationing

Price control and rationing will be maintained during a "boom period of several years" after the war, Dr. Mordecai Ezekial of Washington, a member of the War Production Board, predicted on Dec. 23 in Cincinnati at the American Institute on Judaism and a Just and Enduring Peace. Associated Press accounts likewise reported Dr. Ezekial as saying "a real threat" to our economic order will come "if we assume that the temporary boom is lasting prosperity" when good times result from industry's heavy production to replenish supplies of civilian consumer goods halted by the war. The further remarks of Dr. Ezekial were indicated as follows in Associated Press advices from Cincinnati, as given in the New York "World-Telegram":

"Higher wages, lower profits and higher taxes, especially on large incomes, and an increase of low-income group living standards through Social Security, public health and public works programs were listed by Dr. Ezekial as necessary to sound post-war reconstruction.

"There will be a larger sphere of government activity than in the past, and the people of America will be given an opportunity to perform a full share in the long struggle for enduring peace," he said.

"Only if we can carry over into the period after the war something of the spirit of self-sacrifice and service being engendered by the war have we any chance of winning the peace."

He contended that a fundamental reason for the failure of the peace of Versailles was its emphasis on political arrangements and institutions and the neglect of economic aspects.

The institute, sponsored by the Commission on Justice and Peace of the Central Conference of American Rabbis, held roundtable discussions throughout the day to formulate a peace plan for institute consideration before adjournment Thursday.

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Nov. 30, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $14,804,809,871, as against $14,210,452,014 on Oct. 31, 1942 and $10,639,588,759 on Nov. 30, 1941, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is on June 30, 1914, the total was only $3,459,434,174.

Says Post-War World Challenges All Faiths

Secretary of the Treasury Morgenthau recently declared that the "post-war world is a challenge to all faiths" and that the leaders of all religions could have no worthier objective or higher duty than to look ahead.

Mr. Morgenthau made this statement in a message to the recently-held conference of the American Institute on Judaism in Cincinnati.

His message follows in part:

"No worthier objective or higher duty for leaders of all religions exists than to look ahead to the world which will follow this terrible war. We are not only fighting against a revival of paganism which rejects the Bible itself, we are also fighting for the establishment of the Ten Commandments in national and international relationships.

"I am especially glad to know that conferences similar to yours have been held by Protestant and Catholic leaders in this country and in England. The post-war world is a challenge to all faiths."

Sir Nevile Henderson, British Diplomat, Dies

Sir Nevile Henderson, British Ambassador to Germany from 1937 until the outbreak of the war, died on Dec. 30 at his home in London. He was 60 years old. The following concerning his diplomatic career was reported in Associated Press London advices:

"In his diplomatic career, Sir Nevile, a graduate of Eton, served as third secretary at St. Petersburg (now Leningrad) from 1905-08, in Tokio from 1909-11, and returned to St. Petersburg again in 1912, remaining until 19[illegible].

"In the following years he served in Rome, at the Foreign Office, was First Secretary in Paris in 1916, Counsellor in Constantinople in 1921, later becoming High Commissioner there. In 1924, with the rank of Minister Plenipotentiary, he went to Cairo and to Paris in 1928-29. For six years, until 1935, he was envoy extraordinary and Minister at Belgrade, and in the next two years served as British Ambassador to the Argentine Republic and Minister to Paraguay. His appointment to Berlin came in 1937.

World Parliament To Effect Peace Predicted

Henry Ford predicted in a New Year's Day statement the ultimate creation of a world parliament "to put the world on a peace basis."

United Press Detroit advices of Jan. 1 reporting this, added:

"Peace," Mr. Ford said, "is a necessary and practical world priority—common to all the people of the world."

Mr. Ford, whose "peace ship" to end the last World War was a failure, said the "last attempt" by peaceable people to put the world on a peace basis "was defeated by the international politicians."

"This time," he asserted, "the first step should be a world election, every country choosing its group of men to form a world council against war. The people never yet have had the right to cast a vote either for peace or war."

Mr. Ford said that if America made "good use of what the war is teaching us" it could pull itself "back to real prosperity very quickly and reach a higher level of production than ever before."

The 79-year-old automobile pioneer said that he felt the country "is getting ready to eliminate politics from the control of their life."

"I am not speaking of politics as the science of government," he said. "That is all right and can be a helpful thing. But politics as a contest for office and a grab for public power to control the life of the people is being repudiated."

President Calls For Brotherhood Week

In endorsing the observance of Brotherhood Week, Feb. 19-28, President Roosevelt has informed the National Conference of Christians and Jews that the United States is fighting that the spirit of brotherhood may be practiced by free men everywhere.

The President's message follows:

"The perpetuation of democracy depends upon the practice of the brotherhood of man. The American conviction in war and in peace has been that man finds his freedom only when he shares it with others. People of every nation, every race, every creed are able to live together as Americans on this basis.

"We are fighting for the right of men to live together as members of one family rather than as masters and slaves. We are fighting that the spirit of brotherhood which we prize in this country may be practiced here and by free men everywhere. It is our promise to extend such brotherhood earthwide which gives hope to all the world.

"The war makes the appeal of Brotherhood Week stronger than ever.

"I commend to all our citizens the observance of Brotherhood Week, Feb. 19-28, 1943. I like the slogan 'Victory for Brotherhood.' I trust that the call of the National Conference of Christians and Jews to affirm anew the religious principles of understanding, justice, friendliness and cooperation on which the realization of brotherhood rests will be heeded across the land by those of every occupation and religious allegiance. It is the application of these principles which makes our country united and strong."

Scrap Collection Heavy

A total of 272,794,725 pounds of scrap was salvaged in 11,885 plants in New York and New Jersey between Nov. 20 and Dec. 20 as a result of the efforts of volunteer salvage executives, R. Merrill Decker, regional chief of the War Production Board's Industrial Salvage Branch, announces.

Mr. Decker added that preliminary figures indicate that 1,469,329,387 pounds of scrap have been salvaged by industrial plants in the New York-New Jersey regions since March 5, when the Industrial Salvage Branch began its program to organize industry for salvage. The New York "Times" of Dec. 30 added:

"The quantity salvaged in the November-December period included 1,224,736,926 pounds of iron and steel, 23,486,155 pounds of non-ferrous metals, 1,234,977 pounds of rubber and 23,336,667 pounds of burlap, manila rope, rags, etc.

"New York State plants salvaged 149,070,336 pounds, of which 43,380,875 pounds was credited to New York City concerns, while New Jersey plants salvaged 123,724,389 pounds."

Open Paralysis Fund Drive

The New York State campaign for funds for the 1943 celebration of the President's birthday, the proceeds of which will go to the National Foundation for Infantile Paralysis, was opened on Jan. 1 and the drive will continue through Jan. 30, the President's birthday. Various civic, industrial, academic and other groups have been organized to participate in the campaign. Of the funds collected, 50% will remain with the county chapter and the other half will go to the National Foundation for research.

Bonds Used In Moody's Corporate Bond Yield Averages

RAILROADS

Aaa

Chesapeake & Ohio 4½s, 1992
Cincinnati Union Term. 3⅜s, 1969
Hocking Valley 4½s, 1999
Norfolk & Western 4s, 1996
Union Pacific 3½s, 1980

Aa

Atch., Top. & S. Fe gen. 4s, 1995
Chesapeake & Ohio "D" 3½s, 1996
Indianapolis Union 3½s, 1986
Monongahela Ry. 3¼s, 1966
Oregon-Wash. RR. & Nav. 4s, 1961
Pennsylvania 4½s, 1960
Pgh., Cin., Chic. & St. L. 4½s, 1964
Union Pacific 3½s, 1971
Virginian Ry. 3¾s, 1966

A

Car., Clinch. & Ohio 4s, 1965
Chicago Union Station 3¾s, 1963
Erie RR. Ohio Div. 3¼s, 1971
Great Northern 4¼s, 1961
Louisville & Nashville 4s, 1960
N. Y. Connecting RR. 3½s, 1965
Northern Central Ry. 4½s, 1974
Pennsylvania 4¼s, 1984
Piedmont & Northern 3¾s, 1966
Pgh., Cin., Chi. & St. L. 5s, 1975

Baa

Chicago, Burl. & Quincy 4s, 1958
Chic. & West., Ind. 4¼s, 1962
Clev., Cin., Chic. & St. L. 4s, 1993
Great Northern 4½s, 1976
Louisiana & Arkansas 5s, 1969
Northern Pacific 4s, 1997
Pennsylvania 4½s, 1970
Reading "A" 4½s, 1997
Southern Rwy. 5s, 1994
Texas & Pacific 1st 5s, 2000

PUBLIC UTILITIES

Aaa

Boston Edison 2¾s, 1970
Brooklyn Edison 3¼s, 1966
Cincinnati Gas & Elec. 3¼s, 1966
Cleveland Elec. Illum. 3s, 1970
Cons. Gas E. L. & P. Balt. 2¾s, 1976
Illinois Bell Tel. 2¾s, 1981
New York Edison 3¼s, 1965
Pacific Tel. & Tel. "B" 3¼s, 1966
Public Serv. El. & Gas 3s, 1972
Southwestern Bell Tel. 3s, 1968

Aa

American Tel. & Tel. 3¼s, 1961
Atlantic City Electric 3¼s, 1964
Columbus & So. Ohio El. 3¼s, 1970
Consumers Power 3¼s, 1966
Dayton Pr. & Lt. 3s, 1970
Detroit Edison 3s, 1970
Ohio Power 3¼s, 1968
Pacific Gas & Elec. 3s, 1970
South. Cal. Edison 3s, 1965
Virginia El. & Pr. 3½s, 1968

A

Appalachian El. Pr. 3¼s, 1970
Gulf States Utilities 3½s, 1969
Indianapolis P. & L. 3¾s, 1970
Lake Superior Dist. Pr. 3½s, 1966
Montana Power 3¾s, 1966
Ohio Edison 3¾s, 1972
Pennsylvania Pr. & Lt. 3½s, 1969
Public Service of Col. 3½s, 1964
Southwestern Gas & El. 3¼s, 1970
Wisconsin Pub. Serv. 3¼s, 1971

Baa

Central Ill. El. & Gas 3¾s, 1964
Central Pr. & Lt. 3¾s, 1969
Florida Power 4s, 1966
Iowa Pub. Serv. 3¾s, 1969
Kentucky Utilities 4s, 1970
Minnesota Pr. & Lt. 4½s, 1978
No. Indiana Pub. Serv. 3¾s, 1969
Penn Central Lt. & Pr. 4½s, 1977
Pub. Service Co. of Ind. 4s, 1969
Sioux City Gas & El. 4s, 1966

INDUSTRIALS

Aaa

Socony-Vacuum 3s, 1964
Standard Oil Calif. 2¾s, 1966
Standard Oil N. J. 2¾s, 1953
Texas Corp. 3s, 1965

Aa

American Tobacco 3s, 1962
Inland Steel 3s, 1961
National Steel 3s, 1965
Philip Morris 3s, 1962
Swift & Co. 2¾s, 1961

A

Bethlehem Steel 3s, 1960
Firestone Tire & Rubber 3s, 1961
Koppers Co. 3½s, 1961
McCrory Stores 3¼s, 1955
McKesson & Robbins 3½s, 1956
National Dairy Prod. 3¼s, 1960
National Oil Products 3¼s, 1955
Shell Union Oil 2¾s, 1961
Union Oil of Cal. 3s, 1967
West Va. Pulp & Paper 3s, 1954

Baa

Armour & Co. of Del. 4s, 1955
Celanese Corp. 3½s, 1962
Cudahy Packing 3¾s, 1955
Jones & Laughlin 3¼s, 1961
Paramount Pictures 4s, 1956
Remington Rand 3½s, 1956
Revere Copper & Brass 3¼s, 1960
Superior Oil 3½s, 1956
Wheeling Steel 3½s, 1966
Youngstown Sheet & Tube 3¼s, 1960

BONDS USED IN MOODY'S U. S. TREASURY BOND AVERAGES

Partially Tax-Exempt Bonds

2⅞s, 1955-60 — 2¾, 1960-65 — 2¾s, 1958-63 — 2¾s, 1956-59

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 12	117.05	107.98	117.00	114.46	109.24	93.38	97.94	112.00	114.85
11	117.05	107.80	117.00	114.27	109.06	93.38	97.78	112.19	114.66
9	117.04	107.62	116.80	114.08	109.06	93.08	97.62	112.00	114.66
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
7	117.05	107.62	117.00	114.08	109.06	92.79	97.47	111.81	114.66
6	117.07	107.62	116.80	114.08	109.06	92.64	97.31	111.81	114.66
5	117.03	107.44	116.80	113.89	108.88	92.20	97.31	111.81	114.66
4	116.94	107.44	117.00	114.08	108.88	92.35	97.31	111.81	114.46
2	116.85	107.44	117.00	113.89	109.06	92.35	97.16	111.81	114.46
1 Exchange Closed									
High 1943	117.02	107.98	117.00	114.46	109.24	93.38	97.94	112.19	114.85
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Jan. 12, 1942	117.91	106.92	116.41	113.89	107.62	91.91	97.31	110.70	113.70
2 Years ago									
Jan. 11, 1941	118.06	106.56	118.20	114.27	106.56	90.48	96.69	110.15	114.08

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Jan. 12	2.06	3.28	2.80	2.93	3.21	4.18	3.88	3.06	2.91
11	2.06	3.29	2.80	2.94	3.22	4.18	3.89	3.05	2.92
9	2.07	3.30	2.81	2.95	3.22	4.20	3.90	3.06	2.92
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
7	2.06	3.30	2.80	2.95	3.22	4.22	3.91	3.07	2.92
6	2.06	3.30	2.81	2.95	3.22	4.23	3.92	3.07	2.92
5	2.07	3.31	2.81	2.95	3.22	4.24	3.92	3.07	2.92
4	2.07	3.31	2.80	2.95	3.23	4.25	3.92	3.07	2.93
2	2.08	3.31	2.80	2.96	3.22	4.25	3.93	3.07	2.93
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.28	2.80	2.93	3.21	4.18	3.88	3.05	2.91
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Jan. 12, 1942	1.99	3.34	2.83	2.96	3.30	4.28	3.92	3.13	2.97
2 Years ago									
Jan. 11, 1941	1.98	3.36	2.74	2.94	3.36	4.38	3.96	3.16	2.95

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.3	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.2	8.6	7.2	5.0	4.2	5.7

President Submits $100 Billion War Budget—Calls For $16 Billion In New Taxes, Savings

President Roosevelt submitted to Congress on Jan. 11 a war budget for the 1944 fiscal year totaling about $109,000,000,000, of which over $100,000,000,000 will be for war financing, and suggested that an additional $16,000,000,000 be collected by taxation and compulsory savings.

The President pointed out that his recommendations contemplate that in the fiscal year 1944, 96 cents out of every dollar expended by the Federal Government will be used to pay war costs and interest on the public debt, and only four cents for all the so-called "non-war" purposes.

The excess of expenditures over receipts in the fiscal year which starts next July 1 was reported by Mr. Roosevelt at $71,047,679,923, compared with an estimated deficit of $57,461,252,915 at the end of the current fiscal year and an actual deficit of $19,692,245,776 in the fiscal year 1942. The President estimated that by June 30, 1944, the public debt will approximate $210,000,000,000 and will total $135,000,000,000 by June 30, 1943. While this will necessitate Congress raising the present debt limit of $125,000,000,000, the President commented that "to do this is sound, for such a debt can and will be repaid," adding that "the nation is soundly solvent."

Estimating total war expenditures for the current fiscal year at $77,000,000,000 and at $100,000,000,000 in the 1944 fiscal year, the President said that monthly expenditures will average $8,000,000,000 beginning next July 1. He pointed out that they now average over $6,000,000,000 monthly and that just after Pearl Harbor were averaging $2,000,000,000. Mr. Roosevelt did not include in his budget any detailed estimates of war expenditures because these "would reveal information to our enemies" and because "rapid developments on far-flung battlefronts make it impossible to submit a detailed war budget for a year ending 18 months hence." However, the President did list the general purposes for which the war funds would be spent.

The President presented the following table summarizing "our present estimates of war expenditures from general and special accounts and by government corporations (in billions):

Object of Expenditure	Fiscal 1943	Fiscal 1944
Munitions	$43	$66
Military and civilian pay, subsistence and travel	15	21
Industrial construction	6	2
Other construction	8	5
Other, including agricultural lend-lease	5	6
Total	$77	$100

In his budget message the President stated that victory "cannot be bought with any amount of money, however large," but "is achieved by the blood of soldiers, the sweat of working men and women, and the sacrifice of all people." He noted that a $100,000,000,000 expenditure program "does reflect a national effort of gigantic magnitude," and expressed confidence that the objective of the program can be reached "if the nation's manpower and resources are fully harnessed." Mr. Roosevelt added that it "requires a complete recognition of the necessities of total war by all—management, labor, farmers, consumers and public servants—regardless of party."

For the agricultural production program, the President requested an appropriation of $837,000,000 for the 1944 fiscal year, explaining that an adequate food supply is "a basic aspect of a total war program."

As to civilian life, Mr. Roosevelt said that an average of about $500 worth of goods and services would be available to civilians in the next fiscal year, indicating an average reduction of almost 25% below the record level for the 1941 calendar year, but still leaving most of us "better fed, better clothed and better housed than other peoples in the world."

Concerning so-called "non-war" expenses, the President presented a table showing a reduction of 36.7% in these expenditures in the next fiscal year, compared with 1939, the most important being in work relief and general public works.

Pointing out that "an adequate financial program is essential both for winning the war and for winning the peace," Mr. Roosevelt called on Congress to raise not less than $16,000,000,000 of additional funds by taxation, savings, or both, during the fiscal year 1944. In expressing the hope that the Congress in working out the revenue program will consider that the fiscal measures must be designed not only to provide revenue, but also to support the stabilization program as well by deterring luxury or non-essential spending, the President stated that "the cost of the war should be distributed in an equitable and fair manner" and as to the measures he favored he said:

"Care should be taken that the fiscal measures do not impair but actually promote maximum war production. Finally, it is more important than ever before to simplify taxation both for taxpayers and for those collecting the tax, and to put our taxes as far as feasible on a pay-as-you-go basis.

"I cannot ask the Congress to impose the necessarily heavy financial burdens on the lower and middle incomes unless the taxes on higher and very large incomes are made fully effective. At a time when wages and salaries are stabilized, the receipt of very large net incomes from any source constitutes a gross inequity undermining national unity.

"Fairness requires the closing of loopholes and the removal of inequities which still exist in our tax laws. I have spoken on these subjects on several previous occasions."

He added:

"The Congress can do much to solve our problem of war finance and to support the stabilization program. In the past, wars have usually been paid for mainly by means of inflation, thereby shifting the greatest burden to the weakest shoulders and inviting post-war collapse. We seek to avoid both. Of necessity, the program must be harsh. We should remember, however, that it is a war for existence, and not taxation, which compels us to devote more than one-half of all our resources to war use."

Harris Elected V. P. Of Chic. Reserve Bank

The election of E. C. Harris as a Vice-President of the Federal Reserve Bank of Chicago was announced on Jan. 4 by Simeon E. Leland, Chairman of the Board of Directors of the Bank. Mr. Harris will be located in Detroit and will be the chief executive officer at the Detroit branch. He is President of the Union Guardian Trust Co. of Detroit, with which institution he has been connected since 1925. The rapid rise in the importance of Detroit as an industrial and financial area, it was explained, has resulted in increased activity at the Federal Reserve branch and in the responsibilities of its officers and directors and has made necessary the election of a Vice-President who will devote his full time to the Detroit area. Mr. Leland in his announcement stated that "Mr. Harris is highly regarded in banking circles and brings to his new position a wide acquaintance among business men and bankers, particularly in Michigan." With the exception of two years which he spent in the A. E. F. during the first World War and two years in the Ordnance Office of the Cincinnati district, Mr. Harris has been in business in Michigan since 1912. His first banking position was with the Security Trust Co. of Detroit. He left there to become associated with the Union Guardian Trust Co., where he was successively Assistant Secretary, Assistant Vice President, Vice President, Secretary and Treasurer, Executive Vice President, and President. He will assume his new duties about Feb. 1.

Broderick Publicity Head of N. Y. V-Fund

John P. Broderick, bond editor of the "Wall Street Journal" for the past eight years, has become associated with the Victory Fund Committee for the Second (New York) Federal Reserve District, Allan Sproul, Chairman, announced on Jan. 4. He will be in charge of publicity as a member of the Victory Fund Staff headed by Perry E. Hall, Executive Manager for the District. A graduate of the University of Minnesota, Mr. Broderick joined the Dow, Jones & Co. organization in 1929. Since then he has been on the news staff of the "Wall Street Journal," and has also been a frequent contributor to "Barron's Weekly." In 1939-40 he was President of the New York Financial Writers Association. The Second Federal Reserve District includes the State of New York, the northern half of New Jersey and Fairfield County, Connecticut.

Moody's Daily Commodity Index

Tuesday, Jan. 5	241.2
Wednesday, Jan. 6	240.9
Thursday, Jan. 7	242.6
Friday, Jan. 8	243.0
Saturday, Jan. 9	243.4
Monday, Jan. 11	243.4
Tuesday, Jan. 12	242.8
Two weeks ago, Dec. 29	239.8
Month ago, Dec. 12	234.5
Year ago, Jan. 12	223.4
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Jan. 9	243.4
Low, Jan. 2	240.2

Engineering Construction $63,928,000 For Opening 1943 Week

Engineering construction volume for the opening 1943 week totals $63,928,000, a decline of 55% from the corresponding week in 1942, and compares with $76,295,000 reported for the holiday-shortened preceding week by "Engineering News-Record" on Jan. 7. Private construction is 60% lower than in the week last year, and public work is down 54% as a result of the 64 and 52% decreases in state and municipal and federal volumes. The report added:

On the basis of weekly averages, the 1943 total is 35% under that recorded for the two-week period ending Jan. 8 in 1942. Private work is 36% lower, and public construction is off 35% compared with last year's two-week average.

Construction volumes for the corresponding week last year, the holiday-shortened preceding week, and the current week are:

	Jan. 8, 1942 (five days)	Dec. 31, 1942 (four days)	Jan. 7, 1943 (five days)
Total Construction	$141,152,000	$76,295,000	$63,928,000
Private Construction	12,728,000	2,985,000	5,117,000
Public Construction	128,424,000	73,310,000	58,811,000
State and Municipal	19,317,000	5,727,000	6,877,000
Federal	109,107,000	67,583,000	51,934,000

In the classified construction groups, gains over the short preceding week are reported in all classes of work except unclassified construction. Increases over the week last year are in waterworks, sewerage, bridges, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $2,064,000; sewerage, $963,000; bridges, $3,263,000; industrial buildings, $996,000; commercial building and large-scale private housing, $2,476,000; public buildings, $35,259,000; earthwork and drainage, $224,000; streets and roads, $7,770,000; and unclassified construction, $10,913,000.

New capital for construction purposes for the week totals $524,000, entirely state and municipal bond sales. New construction financing for the week in 1942 reached $451,169,000, a volume that was made up of $450,000,000 in federal appropriations, and $1,169,000 in state and municipal bond sales.

Dec. Engineering Construction $373,622,000 Volume at 1942 Low, But 11% Over Year Ago

December engineering construction volume declined to $373,622,000, the lowest monthly value of the year, and averaged $74,724,000 for each of the five weeks of the month as reported by "Engineering News-Record" on Jan. 7. On the weekly average basis, December volume was 51% below the average for the four weeks of November, but was up 11% compared with the average for December, 1941. The report went on to say:

The public construction average for December was 50% lower than in the preceding month, but climbed 30% compared with the value for the period in 1941. Federal construction was responsible for the increase over the 1941 month, gaining 65% over the December, 1941, average. State and municipal work was 77% below last year, and private construction was 78% lower.

Construction volumes for the 1941 month, last month, and the current month are:

	Dec., 1941 (4 Weeks)	Nov., 1942 (4 Weeks)	Dec., 1942 (5 Weeks)
Total Construction	$269,689,000	$607,622,000	$373,622,000
Private Construction	47,952,000	30,763,000	13,279,000
Public Construction	221,737,000	576,859,000	360,343,000
State and Municipal	54,087,000	16,647,000	15,448,000
Federal	167,650,000	560,212,000	344,895,000

December averages in the various classes of construction work compared with those for a month ago revealed waterworks construction 35% higher, the only classification to gain. Losses were in streets and roads, 15%; public buildings, 58%; industrial buildings, 64%; commercial buildings and large-scale private housing, 66%; bridges, 27%; sewerage, 43%; earthwork and drainage, 50%; and unclassified construction, 41%.

New Capital

New capital for construction purposes for December totals $15,063,000. This compares with $1,612,832,000 for December, 1941, when $1,563,250,000 in Federal construction appropriations swelled the volume.

The final 1942 month's new financing included $8,713,000 in State and municipal bond sales, $5,350,000 in corporate security issues, and $1,000,000 in RFC loans for public improvements.

November Hotel Sales Higher

In its January bulletin, Horwath & Horwath, New York public accountants, report that the total sales in November were up 20% over the same month of last year. Rooms and restaurant made exacting the same gain, 20%, whereas for some time the restaurant has forged far ahead. Its more moderate advance this month was caused by a slowing down in the beverage increase, to 23% for November from 33% the month before.

The firm supplies the following statistical data:

NOVEMBER, 1942, COMPARED WITH NOVEMBER, 1941

	Sales, Increase or Decrease					Occupancy		†Room Rate
	*Total	Rooms	Total Restaurant	Food	Beverages	Nov. 1942	Nov. 1941	Increase or Decr.
New York City	+11%	+13%	+11%	+10%	+13%	83%	72%	—1%
Chicago	+29	+26	+31	+30	+34	83	69	+5
Philadelphia	+11	+9	+13	+25	—10	82	69	+3
Washington	+25	+18	+33	+30	+40	91	84	+9
Cleveland	+18	+9	+26	+27	+22	81	74	0
Detroit	+21	+22	+21	+23	+16	83	74	+5
Pacific Coast	+31	+40	+24	+19	+32	85	63	+4
Texas	+36	+32	+44	+42	+50	85	71	+10
All others	+18	+18	+18	+17	+21	75	67	+5
Total	+20%	+20%	+20%	+19%	+23%	79%	69%	+5%
Year to date	+14%	+12%	+16%	+13%	+23%	73%	68%	+4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

December Department Store Sales

The Board of Governors of the Federal Reserve System reported on Jan. 7 that the value of department store sales rose to record levels in December. The increase from the unusually large volume reported in November was less than seasonal, however, and the Board's adjusted index declined from 138 to 123% of the 1923-1925 average.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Dec., 1942	Nov., 1942	Oct., 1942	Dec., 1941
Adjusted for seasonal variation	123	138	128	111
Without seasonal adjustment	218	157	137	197

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending Jan. 2	Dec. 26	Dec. 19	Dec. 12	Four-weeks ending Jan. 2	Nov. 28	Oct. 31	Sept. 26	Year to Jan. 2
Boston	—22	+22	+14	+13	+11	+12	+14	+8	+11
New York	—1	+12	+4	+10	+7	+5	+13	—2	+6
Philadelphia	+2	+12	+2	+10	+6	+8	+17	+9	+12
Cleveland	+2	+13	+6	+15	+9	+14	+18	+8	+10
Richmond	+8	†+20	+5	+21	+14	+19	+16	+14	+18
Atlanta	+7	+5	+2	+20	+9	+11	+16	+9	+8
Chicago	+8	†+12	+9	+10	+10	+12	+21	+6	+10
St. Louis	—10	†+22	†+11	+17	+12	+14	+11	+5	+11
Minneapolis	*	*	*	*	+10	+14	+7	+3	+5
Kansas City	+23	+26	+19	+27	+23	+35	+36	+21	+17
Dallas	+16	†+19	+20	+32	+23	+19	+22	+13	+11
San Francisco	+24	+18	+26	+41	+28	+32	+27	+19	+18
U. S. total	+5	+15	+10	+17	+12	+14	+19	+8	+11

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
Dec. 5	236	Dec. 6	215
Dec. 12	274	Dec. 13	236
Dec. 19	302	Dec. 20	277
Dec. 26	199	Dec. 27	174
1943—		1942—	
Jan. 2	112	Jan. 3	107

*Not shown separately but included in United States total. †Revised. ‡Monthly indexes refer to daily average sales in calender month; December, 1942 figures estimated from weekly sales.

Record December Shipments By Subsidiaries Of U. S. Steel Corp.—1942 Also at New Peak

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of December, 1942, amounted to 1,849,635 net tons, as compared with 1,665,545 net tons in the preceding month, an increase of 184,090 net tons, and with 1,846,036 net tons in the corresponding month in 1941, an increase of 3,599 net tons.

For the year 1942, shipments were 21,064,157 net tons, compared with 20,416,604 net tons (year-end total after adjustments) for the year 1941, an increase of 647,553 net tons.

Shipments for the year 1942 and for the month of December were the highest for these periods in the history of the Corporation.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	1,774,068	1,668,637	1,209,684	607,562	524,994	1,529,241
July	1,765,749	1,666,667	1,296,887	745,364	484,611	1,480,008
August	1,788,650	1,753,665	1,455,604	885,636	615,521	1,500,281
September	1,703,570	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	1,787,501	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	1,665,545	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	1,849,635	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	21,064,157	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,333	37,639	*44,865	29,159	*12,827
Total	------	20,416,604	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Rayon Production in 1942 Rose Sharply Due to Increased Demands for Civil & War Uses

Production of rayon in the United States in 1942, as was to be expected, registered another substantial gain as compared with 1941, due to greatly increased demand for both civilian and war use.

Based upon preliminary estimates, compiled by the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York, total deliveries of rayon by American mills last year (yarn plus staple fiber) exceeded the previous record set in 1941 by 5%. Tentative estimates indicate that filament yarn deliveries in 1942 were 4% above the former 1941 record, while 1942 staple fiber deliveries are estimated to be 8% above the 1941 level. The "Organon" says:

War Demand for Rayon Greatly Increased

"Rayon yarn really started to go into direct war products during 1942. The major portion of the rayon yarn going into such products was of the viscose and cuprammonium types. In 1943, even greater quantities of these yarns will find their way into war uses. For example, in October the Government approved the conversion of certain viscose production facilities from 'regular' yarn to high tenacity yarn. This high tenacity yarn will be used for military purposes, primarily for tires. The quantity involved in this new program approximates 50,000,000 pounds on an annual basis. When completed in 1943, the industry's capacity for making this high tenacity yarn will be about 100,000,000 pounds annually." The many other war uses of viscose yarns are in addition to this large poundage.

"The use of acetate yarn and rayon staple fiber in war products in 1942 was small, but a substantial increase in their use for both military and naval products during 1943 is anticipated."

In addition, substantial quantities of rayon yarn and rayon finished goods are required for export to the Southern Republics, as well as foreign relief and rehabilitation purposes.

"The civilian demand for rayon in 1942 was of two separate and distinct types. First was the "regular" or former outlets for rayon goods. These were principally the civilian-type goods made and sold to consumers before mid-1941 when the rayon supply began to be diverted to new outlets of various kinds."

The "Organon" adds:

"The second type of 1942 civilian demand for rayon was an induced demand made necessary by shortages in other civilian materials, as created by the war. Thus beginning in August, 1941, and increasingly during 1942, rayon took over essentially all of the former civilian products made of silk, as well as civilian goods supplied by nylon. Rayon is also a part of the wool replacement program.

"Thus, in civilian-type goods, rayon not only has had to fill the demands of its former users, but also has taken on a host of other civilian products formerly made of other fibers. The rayon industry has been essentially in a 'sold out' position since 1939, and to say that this additional demand has put a strain on the rayon industry during 1942 is to state the case mildly."

It is further stated by the "Organon" that for the year 1942, it is estimated that the new rayon users took about 25% of the rayon available, which means that the former outlets took the remaining 75% of the total rayon produced (yarn plus staple fiber). In 1943, the new and the former users of rayon probably will share the available rayon supply almost equally. This, it is pointed out indicates that the rayon industry is a vital part of the war effort, both **directly** in actual war goods produced and in our important export market and **indirectly** as the fiber that is carrying on an increasingly vital role in the civilian economy. This explains why the Government is encouraging high rates of operation for the rayon industry today and in the future.

Typhus Board To Protect Armed Forces

President Roosevelt established on Dec. 26 a typhus commission to protect members of the armed forces from typhus fever both here and abroad.

The commission will serve with the Army and will consist of a director, to be appointed by the Secretary of War, and officers of the Army Medical Corps, Navy Medical Corps and Public Health Service.

An executive order of the President authorized the director to "formulate and effectuate a program for the study of typhus fever and the control thereof, both within and without the United States, when it is, or may become, a threat to the military population."

The order also established a medal to be awarded by the President to any person giving meritorious service in the typhus commission's work.

To Redeem Cuban 5s

J. P. Morgan & Co. Inc., as fiscal agents, announce that $319,100 of Republic of Cuba external debt 5% gold bonds of 1914, due in 1949, have been drawn for redemption on Feb. 1, 1943, at 102½% and accrued interest. Holders may receive payment for the designated bonds by presenting them at the office of J. P. Morgan & Co. Inc. in New York City, or at the office of Morgan, Grenfell & Co. Limited in London on or after Feb. 1, 1943.

Dutch Minister Guest Of Commerce & Indus. Ass'n

Dr. Hubertus J. van Mook, Netherlands Cabinet Minister for Netherlands Indies, Surinam and Curacao, will be the guest of honor and speaker at a luncheon of the Commerce and Industry Association of New York at the Commodore Hotel on Jan. 12 at 12:30 P. M.

Daily Average Crude Oil Production For Week Ended Jan. 2, 1943 Decreased 10,100 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 2, 1943, was 3,870,600 barrels, a decline of 10,100 barrels from the preceding week, and 167,400 barrels per day less than during the corresponding period a year ago. The current figure is also 145,300 barrels below the daily average figure for the month of December, 1942, as recommended by the Office of Petroleum Administration for War. Daily production for the four weeks ended Jan. 2, 1943, averaged 3,880,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,734,000 barrels of crude oil daily and produced 10,957,000 barrels of gasoline; 4,285,000 barrels of distillate fuel oil, and 7,683,000 barrels of residual fuel oil during the week ended Jan. 2, 1943; and had in storage at the end of that week 82,420,000 barrels of gasoline; 42,913,000 barrels of distillate fuels and 72,881,000 barrels of residual fuel oils.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P.A.W. Recommendations December	*State Allowables Beginning Dec. 1	—Actual Production— Week Ended Jan. 2 1943	Change From Previous Week	4 Weeks Ended Jan. 2 1943	Week Ended Jan. 3 1942
Oklahoma	403,900	403,900	†354,000	— 850	353,850	419,150
Kansas	300,700	300,700	†288,350	— 7,550	293,650	242,200
Nebraska	3,400	------	†2,850	— 150	2,950	5,450
Panhandle Texas			90,500	— 2,700	92,450	87,850
North Texas			138,600	— 1,300	138,550	143,950
West Texas			206,750	— 2,550	208,400	292,750
East Central Texas			101,300	— 200	101,400	87,950
East Texas			350,600	— 8,000	356,600	369,050
Southwest Texas			177,500	+ 3,500	175,100	217,000
Coastal Texas			311,100	— 2,550	312,900	295,950
Total Texas	1,350,400	‡1,470,658	1,376,350	—13,800	1,385,450	1,494,500
North Louisiana			93,150	+ 550	92,050	82,400
Coastal Louisiana			223,000	----	222,900	275,450
Total Louisiana	326,100	337,600	316,150	+ 550	314,950	357,850
Arkansas	77,300	73,461	75,000	+ 1,650	73,900	73,300
Mississippi	50,000		†56,850	+ 300	57,500	72,550
Illinois	274,100		254,600	+19,800	245,900	388,350
Indiana	17,700		†15,700	+ 850	15,350	20,700
Eastern (Not incl. Ill. & Ind.)	107,600		93,300	+ 6,300	90,200	101,950
Michigan	63,800		59,300	— 500	59,600	54,100
Wyoming	94,500		85,750	— 4,150	89,300	81,950
Montana	24,700		22,550	----	22,600	22,550
Colorado	7,000		6,500	— 450	6,650	5,550
New Mexico	99,700	99,700	93,350	----	93,950	118,850
Total East of Calif	3,200,900		3,100,600	+ 2,000	3,105,750	3,459,000
California	815,000	§815,000	770,000	—12,100	775,150	579,000
Total United States	4,015,900		3,870,600	—10,100	3,880,950	4,038,000

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in September, 1942, as follows: Oklahoma 30,200; Kansas 5,100; Texas 104,900; Louisiana 20,500; Arkansas 3,000; Illinois 9,400; Eastern (not including Illinois and Indiana) 9,000; Michigan 100; Wyoming 2,400; Montana 300; New Mexico 6,000; California 42,400.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m., Dec. 30.

‡This is the net basic allowable as of Dec. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 2, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis (columns Crude Runs to Stills through Stocks of Residual Fuel Oil)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,430	88.2	1,678	68.8	4,918	36,613	21,985	12,468
Appalachian	177	84.8	160	90.4	430	2,901	735	488
Ind., Ill., Ky.	811	85.0	736	90.8	2,354	15,825	5,549	2,369
Okla., Kansas, Mo.	416	80.1	335	80.5	1,146	6,720	1,927	1,376
Rocky Mountain	147	48.0	97	66.0	310	1,584	365	597
California	817	89.9	728	89.1	1,799	18,777	12,352	55,583
Tot. U. S. B. of M. basis Jan. 2, 1943	4,806	85.9	3,734	77.7	10,957	†82,420	42,913	72,881
Tot. U. S. B. of M. basis Dec. 26, 1942	4,790	85.8	3,525	73.6	10,220	80,228	43,799	72,962
U. S. Bur. of Mines basis Jan. 3, 1942			3,968		13,797	95,707	50,119	94,700

*At the request of the Petroleum Administration for War. †Finished 73,008,000 bbls.; unfinished 9,412,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 4,285,000 barrels of gas, oil and distillate fuel and 7,683,000 barrels of residual fuel oil produced during the week ended Jan. 2, 1943, as compared with 3,901,000 barrels and 7,110,000 barrels, respectively in the preceding week and 3,855,000 barrels and 6,918,000 barrels, respectively, in the week ended Jan. 3, 1942.

Market Value Of Stocks On New York Stock Exchange Higher On Dec. 31

The New York Stock Exchange announced on Jan. 7 that as of the close of business Dec. 31, there were 1,238 stock issues aggregating 1,470,502,630 shares listed on the Stock Exchange, with a total market value of $38,811,728,666. This compares with 1,242 stock issues, aggregating 1,470,976,125 shares, with a total market value of $37,374,462,460 on Nov. 30 and with 1,232 stock issues, aggregating 1,463,295,021 shares, with a total market value of $35,785,946,533 on Dec. 31, 1941.

In making public the figures for Dec. 31, the Exchange said:

"As of the close of business Dec. 31, New York Stock Exchange member total net borrowings amounted to $449,276,379. The ratio of these member borrowings to the market value of all listed stocks on that date, was therefore 1.16%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	Dec. 31, 1942 Market Value $	Dec. 31, 1942 Average Price $	Nov. 30, 1942 Market Value $	Nov. 30, 1942 Average Price $
Amusement	333,093,885	15.78	310,364,750	14.72
Automobile	3,256,494,569	27.18	3,028,070,536	25.27
Aviation	544,820,141	15.77	532,248,148	15.40
Building	459,645,706	21.58	441,265,189	20.25
Business & office equipment	315,105,337	26.83	300,106,875	25.55
Chemical	5,527,430,016	58.01	5,271,540,236	55.32
Electrical equipment	1,315,420,939	32.76	1,254,632,528	31.25
Farm machinery	644,430,650	49.18	595,258,304	45.43
Financial	778,244,470	15.37	757,109,749	14.92
Food	2,491,358,251	26.68	2,434,287,558	26.07
Garment	39,807,311	23.79	37,544,472	22.44
Land & realty	18,228,024	3.75	18,408,221	3.79
Leather	186,787,592	22.21	178,510,350	21.23
Machinery & metals	1,317,633,713	19.24	1,291,962,859	18.87
Mining (excluding iron)	1,253,216,842	21.21	1,220,930,876	20.66
Paper & publishing	341,467,606	15.34	337,538,708	15.17
Petroleum	4,489,801,520	23.39	4,196,674,076	21.87
Railroad	2,856,542,041	25.08	2,815,164,220	24.71
Retail merchandising	1,945,432,637	26.69	1,916,483,384	26.30
Rubber	413,564,111	39.14	377,835,105	35.76
Ship building & operating	95,244,982	19.98	92,906,045	19.51
Shipping services	12,065,223	6.52	10,917,097	5.90
Steel, iron & coke	1,907,118,450	38.08	1,866,725,139	37.27
Textiles	380,627,116	27.05	355,694,532	25.28
Tobacco	1,043,332,293	38.95	1,000,163,397	37.34
Utilities:				
Gas & electric (operating)	1,673,360,240	18.08	1,624,405,244	17.55
Gas & electric (holding)	709,084,853	7.40	684,919,788	7.15
Communications	2,901,294,359	69.38	2,930,175,485	70.07
Miscellaneous	78,565,127	10.71	79,183,807	10.80
U. S. companies oper. abroad	577,537,831	17.02	547,862,352	16.17
Foreign companies	795,022,348	19.64	759,795,992	18.77
Miscellaneous businesses	109,950,483	18.73	105,687,375	18.00
All Listed Stocks	38,811,728,666	26.39	37,374,462,460	25.41

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40
Apr. 30	37,710,958,708	25.78	June 30	33,419,047,743	22.73
May 31	37,815,306,034	25.84	July 31	34,443,805,860	23.42
June 30	39,607,836,569	27.07	Aug. 31	34,871,607,323	23.70
July 31	41,654,256,215	28.46	Sept. 30	35,604,809,453	24.20
Aug. 30	41,472,032,904	28.32	Oct. 31	37,727,599,526	25.65
Sept. 30	40,984,419,434	28.02	Nov. 30	37,374,462,460	25.41
Oct. 31	39,057,023,174	26.66	Dec. 31	38,811,728,666	26.39

Statutory Debt Limitation As Of Dec. 31, 1942

The Treasury Department made public on Jan. 4 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Dec. 31, 1942, totaled $110,833,364,995, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $14,166,635,005. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($110,833,364,995) should be deducted $3,435,289,484 (the unearned discount on savings bonds), reducing the total to $107,398,075,511. However, to this latter figure should be added $771,822,922 (other public debt obligations outstanding but not subject to the statutory limitation). Thus the total gross public debt outstanding as of Dec. 31, 1942 was $108,169,898,433.

The following is the Treasury's report for Dec. 31:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of Dec. 31, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$49,268,120,650		
*Savings (Maturity value)	18,485,093,400		
Depositary	129,803,000		
Adjusted Service	724,592,657		
		$68,607,409,707	
Treasury notes	21,163,747,300		
Certificates of indebtedness	14,148,967,500		
Treasury bills (maturity value)	6,626,982,000		
		41,939,696,800	
		110,547,106,507	
Matured obligations, on which interest has ceased		64,918,100	
Bearing no interest (U. S. War Savings stamps)		221,340,388	
			110,833,364,995
Face amount of obligations issuable under above authority			$14,166,635,005

RECONCILEMENT WITH STATEMENT OF THE PUBLIC DEBT

(On the basis of Daily Treasury Statements)

DEC. 31, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$110,833,364,995
Deduct unearned discount on Savings bonds (difference between maturity value and current redemption value)		3,435,289,484
		107,398,075,511
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	195,969,620	
Matured obligations on which interest has ceased	10,324,200	
Bearing no interest	565,529,102	
		771,822,922
Total gross public debt outstanding Dec. 31, 1942		$108,169,898,433

*Approximate maturity value. Principal amount (current redemption value) according to statements of the public debt on the basis of Daily Treasury Statements $15,049,803,916.

Hodson On Mission

William Hodson, who has just completed his ninth year of service as Commissioner of Welfare of New York City has been granted a two-months' leave of absence by Mayor LaGuardia at the request of former Governor Herbert H. Lehman, so that he may undertake a confidential mission for Mr. Lehman, who is now Director of Foreign Relief and Rehabilitation in the State Department. Commissioner Hodson's leave will begin about Jan. 15. The announcement from the Department of Welfare says in part:

"Prior to Jan. 1, 1934, when he was appointed Welfare Commissioner, Mr. Hodson was Director of the Welfare Council of the City of New York, a post he held from the inception of this organization in 1925. He went to the Council from the Russell Sage Foundation, where he was first director of the Division of Child Welfare Legislation and then of the Department of Social Legislation.

"Mr. Hodson was President of the American Public Welfare Association for two terms—1940 and 1941—and is a member of the Board of Trustees of Connecticut College. Governor Lehman appointed him a member of the State Temporary Emergency Relief Administration in July, 1937. He is a past President of the American Association of Social Workers, and the National Conference of Social Work."

Montgomery Resigns As Consumers' Food Counsel

Donald Montgomery has resigned as consumers' counsel of the Department of Agriculture, effective Dec. 31. As consumers' counsel, Mr. Montgomery represented American consumers during the formulation and administration of government farm programs.

In tendering his resignation to Roy F. Hendrickson, Director of Food Distribution, Mr. Montgomery, according to Washington advices Dec. 27 to the New York "Herald-Tribune" said it marked the end of all but one of the many experiments made by the New Deal to set up offices to fight for the interests of consumers in the administration of government programs. The advices added that with the ending of the food counsel, only the bituminous coal consumers' counsel remains. He (Montgomery) warned that the ending of the food counsel is "a clear signal to consumers that they had better begin to look to their food needs themselves."

"Now," he said, "war puts the government into every American kitchen. Every pound of food the family eats will be there by government decision somewhere along the line. What appears to be planned is that consumers' needs shall be determined for them by an office not admittedly accountable to them."

Mr. Motgomery advocated the creation of an office of consumers' counsel independent of the various executive agencies and reporting directly to Congress, as does the General Accounting Office.

L. G. Kirkland Dies

Leigh G. Kirkland, New York State farm leader, died on Dec. 26 at his Fredonia (N. Y.) home. He was 69 years old. Mr. Kirkland had been President of the 105,000-member Grange League Federation Exchange, Inc., a farmer cooperative which operates in 600 communities in New York, New Jersey and Northern Pennsylvania since 1938, and a member of the GLF board of directors since 1929. A Republican, he served in the New York State Assembly from 1920 to 1924, and in the State Senate from 1925 to 1938.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Jan. 2, 1943, is estimated at 9,300,000 net tons. Although curtailed by the holiday observance of New Year's Day, the output for this period was greater by 730,000 tons than that in the Christmas week. It was, however, 544,000 tons less than the production for the week ended Jan. 3, 1942. The total production of soft coal in the year 1942 is estimated at 580,000,000 net tons, the largest output on record, and surpassed the previous peak of 579,385,820 net tons in 1918. The final revised production in 1941 was 514,149,000 net tons. Output in 1942, therefore, shows an increase of 65,851,000 net tons, or 12.8%, over 1941.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 2, 1943, was estimated at 794,000 tons, an increase of 20,000 tons (or 2.6%) over the preceding week, and 66,000 tons more than in the corresponding period a year ago. The estimated total output of Pennsylvania anthracite for the calendar year 1942 was 59,961,000 tons.

The U. S. Bureau of Mines also reports that the estimated production of byproduct coke in the United States for the week ended Jan. 2, 1943 showed a decrease of 20,700 tons when compared with the output for the week ended Dec. 26. The quantity of coke from beehive ovens decreased 9,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(in net tons)

	Week Ended			
Bituminous and lignite coal	Jan. 2, 1943	†Dec. 26, 1942	Jan. 3, 1942	Jan. 2, 1937
Total, including mine fuel	9,300,000	8,570,000	9,844,000	9,141,000
Daily average	*1,860,000	1,714,000	1,969,000	1,792,000

*Average based on 5 days. †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§Jan. 2, 1943	Dec. 26, 1942	Jan. 3, 1942	Jan. 2, 1943	Jan. 3, 1942	Jan. 5, 1929
*Total incl. colliery fuel	794,000	774,000	728,000	50,000	112,000	917,000
†Commercial production	762,000	743,000	¶699,000	48,000	¶108,000	851,000
Beehive coke—						
United States total	122,100	131,100	142,600	34,900	71,300	84,100
By-product coke—						
United States total	1,198,400	1,219,100	‡	432,400	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Dec. avge.
State—	Dec. 26, 1942	Dec. 19, 1942	Dec. 27, 1941	Dec. 28, 1940	Dec. 25, 1937	¶1923
Alaska	6	6	5	4	2	**
Alabama	270	390	203	229	187	349
Arkansas and Oklahoma	70	98	54	71	86	83
Colorado	162	188	161	174	174	253
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,215	1,331	1,101	1,105	991	1,535
Indiana	468	512	467	430	342	514
Iowa	52	64	63	68	83	121
Kansas and Missouri	143	200	157	167	168	159
Kentucky—Eastern	602	910	491	534	456	584
Kentucky—Western	215	305	207	166	148	204
Maryland	25	28	34	30	20	37
Michigan	6	7	9	2	12	21
Montana (bituminous and lignite)	98	116	67	61	58	64
New Mexico	33	38	25	24	26	56
North and South Dakota (lignite)	77	86	51	56	60	**27
Ohio	512	700	490	371	313	599
Pennsylvania (bituminous)	1,905	2,600	2,318	2,171	1,376	2,818
Tennessee	98	143	91	86	57	103
Texas (bituminous and lignite)	9	8	5	7	16	21
Utah	99	128	87	96	81	100
Virginia	267	382	228	197	184	193
Washington	41	52	32	33	37	57
*West Virginia—Southern	1,402	2,125	1,307	1,296	1,148	1,132
†West Virginia—Northern	620	860	633	584	262	692
Wyoming	173	202	135	131	118	173
‡Other Western States	1	††	††	1	††	**5
Total bituminous and lignite	8,570	11,480	8,422	8,094	6,405	9,900
§Pennsylvania anthracite	774	1,114	871	890	941	1,806
Total all coal	9,344	12,594	9,293	8,984	7,346	11,706

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, Idaho, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Wholesale Commodity Index Unchanged During Jan. 2 Week, Labor Dept. Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Jan. 7 that the sharp upward movement in primary market prices of agricultural commodities slackened somewhat during the week ended Jan. 2 and the Bureau's all-commodity index of nearly 900 price series remained unchanged at 101.2% of the 1926 average.

The Bureau's announcement further stated:

"Farm products and foods—Average prices for farm products in primary markets advanced 0.2% during the week largely as a result of increases of 1.3% for grains, and for livestock and poultry. Corn rose more than 3%; oats, 2.5%; and barley and rye, between 1 and 2%. Quotations for cows were up over 4%; hogs nearly 2%; and lambs, about 1%. In addition higher prices were reported for cotton, flaxseed, and potatoes. Citrus fruits, apples, and sweet potatoes declined appreciably. In the past 4 weeks farm product prices have advanced over 4% and they are 19% higher than at this time last year.

"Led by a decline of 3.4% in fruits and vegetables average prices of foods dropped 0.4% during the week. Mutton declined sharply, as the Office of Price Administration ceiling effective the end of December was approximately 30% below the prevailing market level. Quotations for flour, corn meal, and eggs advanced slightly. The level of food prices in primary markets is about 1% above a month ago and 13.4% higher than a year ago.

"An increase of 1.4% for bran brought the index for cattle feed up 0.5%.

"Industrial commodities—There were very few changes reported in prices for industrial commodities. Resin and turpentine rose fractionally as did also realization prices for certain types of pine lumber, and for boxboard."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Dec. 5, 1942 and Jan. 3, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Jan. 2, 1943 from—		
Commodity groups	1-2 1943	12-26 1942	12-19 1942	12-5 1942	1-3 1942	12-26 1942	12-5 1942	1-3 1942
All commodities	*101.2	*101.2	*100.7	*100.1	94.3	0	+1.1	+ 7.3
Farm products	115.4	115.2	113.3	110.6	96.9	+0.2	+4.3	+19.1
Foods	104.2	104.6	104.2	103.3	91.9	—0.4	+0.9	+13.4
Hides and leather products	118.4	118.4	118.4	118.4	115.7	0	0	+ 2.3
Textile products	96.7	96.6	96.6	96.6	91.6	+0.1	+0.1	+ 5.6
Fuel and lighting materials	79.9	79.9	79.9	79.8	79.0	0	+0.1	+ 1.1
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.4	0	0	+ 0.5
Building materials	110.0	110.0	110.0	110.0	108.3	0	0	+ 1.6
Chemicals and allied products	99.5	99.5	99.5	99.6	95.1	0	—0.1	+ 4.6
Housefurnishing goods	104.1	104.1	104.1	104.1	102.5	0	0	+ 1.6
Miscellaneous commodities	90.4	90.4	90.4	90.0	87.5	0	+0.4	+ 3.3
Raw materials	106.7	106.6	105.4	103.7	93.4	+0.1	+2.9	+14.2
Semimanufactured articles	92.5	92.4	92.5	92.5	90.3	+0.1	0	+ 2.4
Manufactured products	*100.1	*100.1	*99.8	*99.7	95.5	0	+0.4	+ 4.8
All commodities other than farm products	*98.2	*98.2	*98.0	*97.8	93.7	0	+0.4	+ 4.8
All commodities other than farm products and foods	*96.2	*96.2	*96.2	*96.1	94.1	0	+0.1	+ 2.2

*Preliminary.

N. Y. Reserve Bank Index At Record In November

During November the seasonally adjusted index of production and trade computed at the Federal Reserve Bank of New York increased one point further to a record level of 123% of estimated long term trend. In the year since our entry into the war, the index rose 10 points. Industrial production was still on the upgrade in November while retail trade and primary distribution remained at approximately the same levels as in October, after adjustment for seasonal variations. The Bank's announcement, Dec. 23, further stated:

"Although productive activity was at a new high level in November, the increase in the output of producers' durable goods—the classification which includes many important types of war material—was not quite as pronounced as in many recent months, owing in part to the fact that steel production was down slightly from the October peak because of the shutdown of some furnaces for repairs. Output of producers' non-durable goods and of consumers' goods was slightly higher in November than in October.

"In respect to retail trade, department store sales increased more than seasonally between October and November, reflecting early Christmas shopping, while sales by variety chain store systems rose about as usual. Mail order house sales, which have shown no definite seasonal tendency at this time of the year, were slightly lower in November than in October."

INDEXES OF PRODUCTION AND TRADE
100=estimated long term trend

	1941	1942		
	Nov.	Sept.	*Oct.	*Nov.
Index of Production and Trade	113	120	122	123
Production	117	129	131	133
Producers' goods—total	130	163	167	169
Producers' durable goods	139	195	202	205
Producers' nondurable goods	120	126	127	128
Consumers' goods—total	103	87	86	88
Consumers' durable goods	87	36	37	39
Consumers' nondurable goods	108	103	102	104
Durable goods—total	123	148	154	156
Nondurable goods—total	113	113	113	114
Primary distribution	118	137	140	139
Distribution to consumer	101	89	91	91
Miscellaneous services	107	128	129	131

*Indexes are preliminary.
Series are adjusted individually for estimated long term trend and seasonal variation; those reported in dollars are also adjusted for price changes.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Chilean Funds Available For Debt Service

Advices received from the Autonomous Institute for the Amortization of the public debt of the Republic of Chile report that, in accordance with the provisions of Article 6 of the regulation of Law No. 5580 of Jan. 31, 1935, approved by Supreme Decree No. 3837 of Oct. 24, 1938, the total receipts of the institute in 1942 available for debt service amount to $10,136,144. The advices in the matter add:

"Of this amount $2,660,900 represented the receipt from the Government's participation in the profits of Chilean Nitrate Iodine and Sales Corporation, $7,305,409 represented receipts of taxes on the profits of the copper enterprises, $60,749 the quota of duties on petroleum imported for the nitrate industry, and $109,086 the quota of duties on petroleum imported for the copper industry.

"Fifty per cent of the total receipts will be applied by the institute under the terms of the Chilean law to the payment of interest at the rate of $16.80 per $1,000 bond, dollars 0.3948 per 100 Swiss franc bond, and £1-13-7,2 per £100 sterling bond.

"The suspension of exchange transaction in most foreign markets as a result of the world war has not allowed Caja this year to carry out the necessary conversions in order to set aside the the funds in Swiss francs to meet the servicing of loans issued in this currency, which has compelled Caja to fix in American dollars the dividend corresponding to holders of bonds of the above-mentioned loans and to maintain in this same currency the funds to cover the payments.

"Against the remaining 50% of the income collected there have been retired $2,659,000 face amount of dollar bonds, francs 8,000 of Swiss franc bonds, and £18,100 of sterling bonds. In addition, the Municipality of Santiago amortized francs 10,000 of Swiss franc bonds in the year 1942.

"The amounts of bonds outstanding after the 1942 retirements will be $164,436,500 dollar bonds, £27,743,071 sterling bonds and francs 108,662,500 Swiss franc bonds.

"The interest disbursement declared is expected to be paid on or about Feb. 1, 1943, and will be applicable to the following bonds: All of the Republic of Chile external bonds; Water Company of Valparaiso bonds; All Mortgage Bank of Chile bonds; bonds of the Chilean Consolidated Municipal loan, and bonds of the two City of Santiago, Chile, loans.

Signs "Wildcat" Oil Bill

President Roosevelt signed on Dec. 26 the legislation designed to encourage the discovery of oil and gas on the public domain during the continuance of the present war. Under the terms of the bill, which passed the Senate on Nov. 23 and the House on Dec. 16, a flat royalty of 12½% would be paid the Government for 10 years by prospectors for new oil reserves anywhere on the public domain. Under the old law the royalty ranges from 12½ to 32%, and must be paid under 20-year leases.

Senate passage of the bill was noted in these columns of Dec. 17, page 2163.

New Cotton Exch. Members

Robert J. Murray, President of the New York Cotton Exchange, announced on Dec. 23 the election of Joseph C. Lore and Peter Reinhart to membership in the Exchange at a meeting of the Board of Managers. Mr. Lore is head of the firm of cotton merchants in Greenwood, Miss., bearing his name.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Jan. 8 that as of the close of business Dec. 31, there were 1,136 bond issues aggregating $72,992,873,380 par value listed on the Stock Exchange with a total market value of $70,583,644,622. This compares with 1,142 bond issues, aggregating $67,155,675,692 par value, with a total market value of $64,543,971,299 on Nov. 30, 1942.

In the following table listed bonds are classified by Governmental and industrial groups with the aggregate market value and average price for each:

Group—	Dec. 31, 1942 Market Value $	Dec. 31, 1942 Average Price $	Nov. 30, 1942 Market Value $	Nov. 30, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	55,074,485,435	104.12	49,153,422,386	104.56
U. S. companies:				
Amusements	37,878,457	101.43	41,712,919	100.89
Automobile	12,146,414	101.12	13,187,800	101.34
Building	12,842,163	95.07	17,814,663	98.93
Business and office equipment	15,300,000	102.00	15 300,000	102.00
Chemical	75,818,063	102.31	76,856,160	101.41
Electrical equipment	36,287,500	103.68	36,193,750	103.41
Financial	57,133,708	101.46	56,921,170	101.08
Food	233,443,537	103.87	234,390,921	103.74
Land and realty	9,628,428	71.66	9,611,703	71.53
Machinery and metals	40,157,285	100.16	43,303,020	100.09
Mining (excluding iron)	90,915,294	58.61	91,016,444	58.38
Paper and publishing	40,897,316	100.18	49,441,622	100.45
Petroleum	592,015,699	103.33	591,660,774	103.14
Railroad	6,577,910,560	64.11	6,457,697,685	62.89
Retail merchandising	12,252,188	82.96	11,898,730	80.57
Rubber	74,229,635	101.30	74,170,891	100.94
Ship building and operating	11,615,400	101.25	11,472,000	100.00
Shipping services	18,323,684	66.39	18,329,288	66.41
Steel, iron and coke	504,745,759	99.67	511,564,213	100.20
Textiles	37,210,510	102.37	36,473,413	100.34
Tobacco	146,264,243	104.88	146,450,397	105.01
Utilities:				
Gas and electric (operating)	3.321,566,691	107.11	3,317,793,361	106.94
Gas and electric (holding)	94,566,375	99.20	96,151,844	97.79
Communications	1,199,519,670	106.90	1,199,303,360	106.89
Miscellaneous utilities	85,624,662	58.55	86,524,861	59.00
U. S. companies oper. abroad	117,882,813	64.98	113,182.926	62.39
Miscellaneous businesses	30,910,730	104.07	31,027,365	104.46
Total U. S. companies	13,487,086,784	79.17	13,389,451,280	78.40
Foreign government	1,304,302,478	59.31	1,286,167,100	58.38
Foreign companies	717,769,925	83.52	714,930,533	82.74
All listed bonds	70,583,644,622	96.70	64,543,971,299	96.11

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70

National Fertilizer Association—Further Advance In Commodity Price Average

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Jan. 11, rose still further last week, reflecting the continued upward movement in the general level of wholesale commodity prices. In the week ended Jan. 9 this index stood at 133.4% of the 1935-1939 average, compared with 132.4 in the week previous, 130.6 a month ago, and 121.2 a year ago. The Association's report continued as follows:

The rise in the all-commodity index last week was due primarily to higher prices for farm products and foodstuffs. Changes occurred mainly in the prices of agricultural commodities. Corn was the only item included in the farm product index to decline; grain prices rose to the highest point reached since 1937 and livestock quotations reached a new high level. In the food group advances in potatoes, flour, and dried beans caused another rise in the food price index. The textile index registered its sixth consecutive weekly advance, the result of higher prices for raw cotton. During the week none of the group averages in the composite index declined.

Last week 12 price series included in the index advanced, and 3 declined; in the preceding week there were 7 advances and 5 declines; in the second preceding week there were 9 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Jan. 9, 1943	Preceding Week Jan. 2, 1943	Month Ago Dec. 5, 1942	Year Ago Jan. 10, 1942
25.3	Foods	137.8	136.3	134.2	118.7
	Fats and Oils	150.2	150.2	148.8	129.5
	Cottonseed Oil	164.7	164.7	164.7	156.4
23.0	Farm Products	150.2	147.5	142.1	129.1
	Cotton	193.9	190.5	184.8	174.0
	Grains	132.2	130.9	120.7	119.1
	Livestock	147.5	144.3	139.9	122.5
17.3	Fuels	119.3	119.3	119.3	113.0
10.8	Miscellaneous commodities	129.4	129.4	128.6	126.9
8.2	Textiles	150.1	149.6	148.7	145.9
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.3	131.7
1.3	Chemicals and drugs	127.6	127.6	127.6	120.1
.3	Fertilizer materials	117.6	117.6	117.5	117.0
.3	Fertilizers	115.3	115.3	115.3	112.7
.3	Farm machinery	104.1	104.1	104.1	103.4
100.0	All groups combined	133.4	132.4	130.6	121.2

*Indexes on 1926-1928 base were Jan. 9, 1943, 103.9; Jan. 2, 1943, 103.1; Jan. 10, 1942, 94.4.

Repeat Mexico Bond Offer

Holders of Republic of Mexico 5% consolidated externl loan of 1899; 4% external gold loan 1910 and 6% 10-year treasury notes of 1913 (series "A" £6,000,000) are being notified that the Banco de Mexico has accepted all bonds of good delivery tendered to and including Dec. 23, 1942, pursuant to the published notice, and funds for the payment therefor have been provided and will be paid to the owners of the bonds. The announcement issued Dec. 24 says:

"The Banco de Mexico is notifying holders of bonds of these issues that the offer is repeated provided bonds are presented not later than Jan. 9, 1943. The bank will buy the following aggregate amount of each series:

"£2,000,000 face value Republic of Mexico 5% consolidated external loan of 1899 in good delivery bonds of denominations of £20/— or higher at $13.50 for each £20 face value.

"£2,000,000 face value Republic of Mexico 4% external gold loan of 1910 in good delivery bonds at $13 for each £20 face value.

"£3,000,000 face value Republic of Mexico 6% 10-year treasury notes of 1913 (series "A" £6,000,000/—) in good delivery bonds at $15 for each £20/— face value.

"Holders who desire to accept this offer are urged to deposit their bonds at the Corporate Agency Department of The Chase National Bank of the City of New York, 11 Broad Street, New York, or 6 Lombard Street, E. C. 3, London, England, within the period indicated. If sufficient bonds of each series are not deposited and the Banco de Mexico decides not to acquire them for this reason, the Chase National Bank will return the bonds to depositors."

Previous reference to this offer was made in these columns Dec. 17, page 2168.

Revenue Freight Car Loadings During Week Ended Jan 2, 1943, Amounted to 621,048 Cars

Loading of revenue freight for the week ended Jan. 2, 1943, totaled 621,048 cars, the Association of American Railroads announced on Jan. 7. This was a decrease below the corresponding week of 1942, of 55,486 cars or 8.2%, but an increase above the same week in 1941, of 6,877 cars of 1.1%.

Loading of revenue freight for the week of Jan. 2 increased 29,453 cars of 5.0% above the preceding week.

Miscellaneous freight loading totaled 305,706 cars, an increase of 15,458 cars above the preceding week, but a decrease of 6,838 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 75,686 cars, an increase of 3,194 cars above the preceding week, but a decrease of 47,427 cars below the corresponding week in 1942.

Coal loading amounted to 133,850 cars, an increase of 12,519 cars above the preceding week, but a decrease of 4,759 cars below the corresponding week in 1942.

Grain and grain products loading totaled 39,888 cars, an increase of 439 cars above the preceding week, and an increase of 7,867 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Jan. 2, totaled 27,155 cars, an increase of 153 cars above the preceding week, and an increase of 7,489 cars above the corresponding week in 1942.

Live stock loading amounted to 11,572 cars, an increase of 129 cars above the preceding week, and an increase of 554 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Jan. 2 totaled 8,312 cars, an increase of 42 cars above the preceding week, and an increase of 394 cars above the corresponding week in 1942.

Forest products loading totaled 26,343 cars, a decrease of 4,720 cars below the preceding week and a decrease of 6,317 cars below the corresponding week in 1942.

Ore loading amounted to 13,558 cars, an increase of 1,676 cars above the preceding week, and an increase of 534 cars above the corresponding week in 1942.

Coke loading amounted to 14,445 cars, an increase of 758 cars above the preceding week, and an increase of 900 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Southwestern, but all districts reported increases above the corresponding week in 1941, except the Eastern, Allegheny and Southern.

	1943	1942	1941
Week of Jan. 2	621,048	676,534	614,171

The following table is a summary of the freight carloadings for the separate railroads and systems for the weeks ended Dec. 26, 1942, and Jan. 2, 1943. During the first period 51 roads showed increases when compared with the corresponding week in 1941, while during the second period only 37 roads reported gains over the week ended Jan. 3, 1942.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS—WEEKS ENDED DEC. 26, 1942 AND JAN. 2, 1943)

Railroads	Week Ended Dec. 26, 1942 — Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941	Week Ended Jan. 2, 1943 — Total Revenue Freight Loaded 1943	1942	1941	Total Loads Received from Connections 1943	1942
Eastern District—										
Ann Arbor	243	484	484	1,257	1,274	232	524	453	1,029	1,131
Bangor & Aroostock	1,260	1,271	1,134	202	197	1,936	1,867	1,474	211	262
Boston & Maine	4,333	6,696	6,281	12,961	12,368	4,944	7,606	6,585	12,693	11,626
Chicago, Indianapolis & Louisville	1,158	1,110	1,098	2,056	2,160	1,154	1,262	1,127	1,748	1,961
Central Indiana	21	19	7	56	47	20	24	11	41	33
Central Vermont	720	1,271	1,058	1,804	2,125	709	1,227	1,052	1,579	1,797
Delaware & Hudson	4,600	5,085	5,032	10,712	9,951	4,770	4,667	4,917	9,798	9,692
Delaware, Lackawanna & Western	5,327	7,466	6,838	11,257	8,185	5,588	7,431	7,460	11,003	7,644
Detroit & Mackinac	215	291	217	142	141	255	223	232	92	121
Detroit, Toledo & Ironton	1,308	1,446	1,759	1,553	1,078	1,450	1,618	2,575	1,160	999
Detroit & Toledo Shore Line	215	218	252	3,063	3,728	232	252	281	2,376	2,930
Erie	9,122	11,384	10,430	16,549	14,303	9,239	11,872	11,164	15,529	12,858
Grand Trunk Western	3,020	3,650	4,667	7,950	8,305	3,286	3,623	4,945	7,679	6,368
Lehigh & Hudson River	129	137	105	2,514	2,778	118	163	127	2,511	2,421
Lehigh & New England	1,187	1,142	1,313	1,361	1,321	1,238	1,247	1,224	1,336	1,183
Lehigh Valley	5,891	6,804	7,389	11,495	8,202	5,607	6,753	7,573	11,379	7,541
Maine Central	1,616	2,545	2,575	2,605	2,770	1,950	3,061	2,732	2,963	2,909
Monongahela	4,511	4,772	3,852	336	415	6,263	5,534	3,899	374	485
Montour	1,701	1,831	1,340	22	46	1,705	2,022	1,414	20	20
New York Central Lines	34,114	37,545	35,113	49,968	41,790	38,609	39,856	37,858	42,414	39,822
N. Y., N. H. & Hartford	6,404	10,182	8,541	14,552	14,674	7,704	10,756	8,993	15,710	14,001
New York, Ontario & Western	1,021	775	852	2,170	2,185	1,176	853	877	2,176	1,799
New York, Chicago & St. Louis	5,646	5,038	4,271	15,546	12,624	5,899	5,657	5,100	14,246	11,649
N. Y., Susquehanna & Western	514	391	294	2,114	1,210	511	466	352	1,975	954
Pittsburgh & Lake Erie	6,308	7,272	6,443	6,137	6,236	6,226	8,364	7,073	6,288	6,644
Pere Marquette	4,215	4,153	4,808	7,640	5,752	4,449	3,981	4,784	5,826	4,755
Pittsburg & Shawmut	555	511	506	14	42	482	568	550	15	35
Pittsburg, Shawmut & North	223	256	374	205	244	238	359	417	204	219
Pittsburgh & West Virginia	664	697	583	3,609	1,929	617	763	532	2,792	2,069
Rutland	221	414	463	728	1,170	202	477	444	701	1,097
Wabash	4,257	4,617	4,342	12,607	9,585	4,379	5,291	4,726	10,666	8,639
Wheeling & Lake Erie	4,030	3,742	3,124	5,595	4,101	4,497	4,055	3,472	4,236	3,332
Total	114,749	133,265	125,545	208,785	180,936	125,685	142,422	133,973	190,770	166,996
Allegheny District—										
Akron, Canton & Youngstown	579	484	448	1,040	740	682	534	499	924	791
Baltimore & Ohio	27,990	30,744	26,841	25,333	19,972	28,854	33,657	29,026	22,232	16,887
Bessemer & Lake Erie	2,489	2,844	1,953	1,915	1,433	2,655	3,087	2,278	1,931	1,396
Buffalo Creek & Gauley	252	307	253	3	3	*252	386	274	*3	3
Cambria & Indiana	1,333	1,679	1,530	8	14	1,603	1,749	1,616	5	10
Central R. R. of New Jersey	4,894	6,184	5,516	17,932	14,606	4,934	6,465	5,799	17,320	13,236
Cornwall	341	516	521	48	35	514	508	633	49	55
Cumberland & Pennsylvania	182	252	245	11	42	163	266	248	9	16
Ligonier Valley	92	124	152	74	82	114	148	194	53	61
Long Island	821	686	588	3,133	2,946	713	703	658	2,568	2,419
Penn-Reading Seashore Lines	1,161	1,298	983	2,090	1,645	1,239	1,482	1,172	2,032	1,739
Pennsylvania System	55,073	64,104	54,388	53,039	46,374	58,518	69,548	60,701	48,091	43,100
Reading Co.	9,557	12,489	12,938	24,324	21,370	10,294	13,544	13,470	22,256	19,719
Union (Pittsburgh)	19,557	18,516	17,120	4,135	3,367	20,411	19,943	19,566	4,715	3,652
Western Maryland	2,684	3,391	3,060	12,499	8,430	2,907	3,857	3,576	10,004	7,742
Total	126,995	143,618	126,536	145,584	121,059	133,853	155,877	139,710	132,102	110,826
Pocahontas District—										
Chesapeake & Ohio	17,801	16,757	16,096	9,696	8,577	20,836	20,799	17,802	8,235	7,751
Norfolk & Western	14,232	13,033	13,854	6,716	5,150	17,011	19,233	17,979	5,520	4,953
Virginian	2,801	3,009	3,096	1,739	1,816	3,539	4,159	3,744	1,935	1,766
Total	34,834	32,799	33,046	18,151	15,543	41,386	44,191	39,525	15,690	14,470

Railroads	Week Ended Dec. 26, 1942 — Total Revenue Freight Loaded			Total Loads Received from Connections		Week Ended Jan. 2, 1943 — Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1942	1941	1940	1942	1941	1943	1942	1941	1943	1942
Alabama, Tennessee & Northern	224	243	160	183	260	242	306	266	184	196
Atl. & W. P.—W. R. R. of Ala.	430	560	532	2,080	1,744	548	664	695	1,989	1,836
Atlanta, Birmingham & Coast	454	432	457	1,234	915	531	575	639	1,088	1,038
Atlantic Coast Line	10,535	8,355	7,118	8,960	6,179	11,375	10,432	11,018	8,667	6,137
Central of Georgia	2,663	2,827	2,684	4,242	3,262	2,711	3,548	3,819	3,260	3,353
Charleston & Western Carolina	244	266	293	1,393	1,362	302	410	418	1,198	1,417
Clinchfield	1,125	1,206	1,161	2,663	2,504	1,409	1,681	1,386	2,292	2,427
Columbus & Greenville	288	198	177	284	334	290	214	241	233	323
Durham & Southern	62	125	136	429	454	93	168	146	364	336
Florida East Coast	1,615	885	618	1,640	1,028	2,069	1,239	887	1,693	973
Gainesville Midland	32	29	16	76	82	30	47	31	72	84
Georgia	923	771	729	2,362	2,046	985	1,116	873	2,047	1,807
Georgia & Florida	232	231	227	491	682	324	373	327	323	526
Gulf, Mobile & Ohio	2,708	3,071	2,572	4,140	3,042	2,958	3,327	3,078	4,031	2,836
Illinois Central System	22,053	21,339	16,431	16,607	12,463	22,085	24,554	18,871	14,839	12,050
Louisville & Nashville	17,491	16,665	16,099	10,047	7,230	19,938	21,001	20,041	8,809	6,811
Macon, Dublin & Savannah	172	164	104	839	593	143	191	123	694	603
Mississippi Central	*166	125	80	*401	399	128	121	109	324	363
Nashville, Chattanooga & St. L.	2,434	2,911	2,254	4,320	2,889	2,456	3,041	2,684	4,003	3,131
Norfolk Southern	560	764	675	1,245	1,149	689	784	884	1,175	919
Piedmont Northern	258	348	299	1,194	1,689	332	480	517	972	1,178
Richmond, Fred. & Potomac	229	321	253	8,535	6,661	287	405	302	8,481	6,310
Seaboard Air Line	8,575	7,643	7,481	8,101	6,877	7,759	9,144	9,369	6,949	5,899
Southern System	16,857	17,398	15,919	22,520	18,444	16,571	21,380	20,115	18,229	16,577
Tennessee Central	365	449	365	900	590	403	554	417	756	646
Winston-Salem Southbound	83	77	94	844	702	91	95	147	672	531
Total	90,778	87,433	76,934	105,730	83,580	94,749	105,850	97,403	93,344	78,307
Northwestern District—										
Chicago & North Western	11,409	13,242	12,171	13,246	12,087	12,211	13,415	12,912	11,170	10,596
Chicago Great Western	1,977	2,145	2,010	3,209	3,013	1,974	2,203	2,153	2,828	2,559
Chicago, Milw., St. P. & Pac.	15,404	16,654	15,483	9,303	7,875	16,3[illegible]	17,492	16,431	8,223	7,016
Chicago, St. Paul, Minn. & Omaha	2,976	3,306	3,193	3,132	3,570	3,316	3,574	3,292	2,923	3,051
Duluth, Missabe & Iron Range	928	855	659	229	316	894	947	687	237	319
Duluth, South Shore & Atlantic	481	446	523	526	563	490	502	511	504	446
Elgin, Joliet & Eastern	7,753	8,988	8,307	11,123	10,454	7,901	9,795	8,754	9,630	8,841
Ft. Dodge, Des Moines & South	323	420	293	105	122	301	285	339	85	98
Great Northern	9,980	9,081	7,509	4,680	3,406	9,223	9,280	8,117	4,460	3,383
Green Bay & Western	341	402	448	758	626	396	522	470	675	606
Lake Superior & Ishpeming	162	186	190	28	53	156	260	240	41	57
Minneapolis & St. Louis	1,572	1,453	1,288	2,079	1,908	1,685	1,352	1,307	1,718	1,799
Minn., St. Paul & S. S. M.	3,973	4,328	3,654	2,821	2,876	3,847	4,661	4,228	2,480	2,781
Northern Pacific	9,394	7,715	7,045	4,569	3,620	8,535	8,137	7,624	3,472	3,748
Spokane International	86	56	61	453	268	63	67	52	432	217
Spokane, Portland & Seattle	1,539	1,783	1,199	3,099	2,242	1,229	1,841	1,330	2,794	1,901
Total	68,298	71,060	64,033	59,360	52,999	68,587	74,333	68,447	51,672	47,418
Central Western District—										
Atch., Top. & Santa Fe System	17,884	16,949	14,049	11,591	7,964	16,848	18,427	15,926	10,888	7,096
Alton	2,885	2,750	2,375	*4,731	2,780	2,885	3,045	2,542	4,731	2,670
Bingham & Garfield	255	476	462	98	83	927	552	466	78	66
Chicago, Burlington & Quincy	15,094	13,609	12,951	10,404	9,714	14,333	14,645	13,742	8,870	8,728
Chicago & Illinois Midland	2,419	2,595	2,218	783	880	2,510	2,664	2,432	751	763
Chicago, Rock Island & Pacific	9,665	9,722	8,496	12,759	8,941	9,175	9,902	9,223	10,493	8,628
Chicago & Eastern Illinois	1,922	2,237	2,179	5,515	2,800	2,001	2,456	2,323	5,290	2,500
Colorado & Southern	587	602	715	1,799	1,457	873	633	662	1,701	1,517
Denver & Rio Grande Western	3,221	2,897	2,472	5,499	4,105	3,334	3,475	2,707	4,506	3,260
Denver & Salt Lake	624	585	667	11	20	646	814	592	11	5
Fort Worth & Denver City	*1,040	987	662	*1,184	848	852	1,077	923	961	954
Illinois Terminal	1,189	1,542	1,311	1,507	1,509	1,458	1,630	1,455	1,547	1,575
Missouri-Illinois	887	1,000	691	520	405	937	1,001	796	458	343
Nevada Northern	2,176	1,943	1,556	107	133	2,158	2,005	1,832	112	126
North Western Pacific	513	637	387	513	511	532	731	469	510	445
Peoria & Pekin Union	9	22	4	0	0	0	27	10	0	0
Southern Pacific (Pacific)	21,731	19,384	16,120	12,042	9,769	23,044	21,910	19,031	11,611	7,113
Toledo, Peoria & Western	356	261	265	1,610	169	267	152	254	1,502	107
Union Pacific System	12,225	12,960	11,824	13,996	10,907	12,795	13,744	12,747	11,807	8,955
Utah	480	384	452	5	5	572	508	424	1	3
Western Pacific	1,910	1,436	1,075	2,542	3,512	1,740	1,711	1,574	2,590	2,684
Total	97,072	92,978	80,931	87,216	66,412	97,887	101,109	90,200	78,418	57,532
Southwestern District—										
Burlington-Rock Island	*164	146	83	*280	228	383	177	97	226	243
Gulf Coast Lines	4,908	3,015	1,840	2,101	2,071	4,855	3,886	2,922	2,128	1,784
International-Great Northern	2,657	1,535	1,179	3,088	2,257	2,519	1,504	1,409	2,793	2,178
Kansas, Oklahoma & Gulf	345	183	154	1,228	1,093	314	325	172	901	1,061
Kansas City Southern	4,399	2,275	1,706	2,294	2,584	4,678	2,732	2,073	2,386	2,381
Louisiana & Arkansas	3,731	1,805	1,771	2,381	1,890	3,944	2,165	1,915	1,826	1,802
Litchfield & Madison	211	313	370	1,010	916	223	327	296	901	881
Midland Valley	633	513	514	303	394	552	678	435	320	311
Missouri & Arkansas	83	129	104	351	345	94	137	107	303	333
Missouri-Kansas-Texas Lines	5,431	4,033	3,109	4,896	3,430	4,805	4,410	3,504	4,684	3,143
Missouri Pacific	13,139	12,798	11,524	18,248	11,114	12,213	14,908	13,215	14,797	10,725
Quanah Acme & Pacific	72	108	60	277	185	65	119	64	197	181
St. Louis-San Francisco	6,596	6,621	5,988	7,022	5,366	6,800	7,859	6,890	6,432	5,449
St. Louis Southwestern	2,218	2,537	1,846	4,686	3,263	2,733	2,671	2,178	4,869	3,445
Texas & New Orleans	10,899	6,062	5,120	4,701	3,962	10,678	6,897	5,986	4,185	3,930
Texas & Pacific	3,232	3,131	2,788	7,206	5,467	3,962	3,829	3,521	5,731	5,091
Wichita Falls & Southern	95	124	114	28	42	73	100	117	28	26
Weatherford M. W. & N. W.	6	21	12	26	43	10	28	12	19	37
Total	58,859	45,249	38,282	60,126	44,650	58,901	52,752	44,913	52,726	43,001

*Previous week's figure.

Note—Previous year's figures revised.

Non-Ferrous Metals—Copper Needs At Record Level—Battery Makers Take More Lead

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 7, stated: "The War Production Board, the Army, and the Navy estimated last week that the total available supply of copper for the first quarter of 1943, from all sources, will approximate 700,000 tons for distribution under the Controlled Materials Plan. Of this record total, most of the copper naturally will come out of primary production, domestic and foreign. Battery makers have been granted permission to operate at a higher rate this year, pointing to increased consumption of lead in that field. In reference to prices for non-ferrous metals, the first week of the new year brought no changes." The publication further went on to say in part:

Copper

"According to WPB, total available supply of copper for the first quarter of 1943 from all sources (primary, secondary, and frozen inventories) will be about 700,000 tons. Lend-lease requirements are included in the total, the trade believes.

"Secretary Ickes stated last week that copper production in this country established a new high in 1942. Imports were the largest on record.

"The advisory committee for the copper industry is to meet in Washington Jan. 21.

"Quotations continued on the basis of 12c., Valley. Foreign metal was purchased by Metals Reserve on the basis of 11.75c., f.a.s. United States ports.

Lead

"Demand for lead for January shipment improved last week, and the industry believes that consumers have covered their requirements for the current month to the extent of at least 85%. Call for February metal so far has been slow. Sales of common lead for the last week were much higher than in previous week. Quotations continued on the basis of 6.50c., New York, and 6.35c., St. Louis.

"Battery makers have been fairly active in the last month, owing to an expanding market for replacements. To provide an adequate supply, Limitation Order L-180 has been amended by WPB to permit manufacturers of storage batteries to produce at the rate of 100% of the number sold during 1941, an increase of 10%.

Zinc

"Slab zinc production in the United States established a new high record in 1942, according to a statement released by the Bureau of Mines. Owing to censorship regulations, figures are not available for publication. Output of zinc in 1943 will be even greater, as new production came into the picture late in 1942. Brass mills will be asked to use more Brass Special and Intermediate grades to conserve on High Grade.

"The advisory committee representing the zinc industry is scheduled to meet in Washington Jan. 22.

"Quotations for Prime Western zinc continued on the basis of 8.25c., St. Louis.

Tin

"Despite some labor difficulties exports of tin contained in concentrates from Bolivia in 1942 fell only a little short of the quantity shipped in the year previous, based on latest statistics from that country.

"Salvage of tin from used cans is expected to provide more than 5,000 tons of tin a year, according to the War Production Board.

"The price situation in tin here remains unchanged. Straits quality tin for forward shipment was nominally:

	Jan.	Feb.	March
Dec. 31	52.000	52.000	52.000
Jan. 1		—Holiday—	
Jan. 2	52.000	52.000	52.000
Jan. 4	52.000	52.000	52.000
Jan. 5	52.000	52.000	52.000
Jan. 6	52.000	52.000	52.000

"Chinese tin, 99% grade, spot or nearby delivery, 51.125c. all week.

Quicksilver

"In a review of metal production in the United States during 1942, Secretary of the Interior Ickes stated last week that production of quicksilver was the largest in more than 50 years. This item of news sets to rest all speculation on the subject of output and its relation to the substantial total produced in 1941, in which year a total of 44,000 flasks was produced, the largest since 1883.

"With demands for quicksilver large, and the Government supporting the price structure, operators in the metal are not at all concerned about the immediate situation. Quotations in New York continued at $196@$198 per flask.

Silver

"Senator Green (R.I.) announced on Jan. 2 that he intends to re-introduce his bill to permit the sale of unpledged Treasury silver to industry. Opposition to the measure remains strong. The bill was blocked at the session of Congress that ended late in 1942.

"The silver market in London has been quiet, with the price at 23½d.

"The New York Official and the U. S. Treasury prices are also unchanged at 44¾c. and 35c., respectively."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Yearly Average Prices—1939-1940-1941-1942

(E. & M. J. Averages)

	1939	1940	1941	1942
Copper, domestic, f.o.b. refinery	10.965	11.296	11.797	11.775
Copper, export, f.o.b. refinery	10.727	10.770	10.901	11.684
Lead, common, New York	5.053	5.179	5.793	6.481
Lead, common, St. Louis	4.903	5.029	5.643	6.331
Zinc, Prime Western, St. Louis	5.110	6.335	7.474	8.250
Tin, Straits, New York	50.323	49.827	52.018	52.000
Silver, foreign, New York	39.082	34.773	34.783	38.333
Quicksilver (per flask 76-lb.)	$103.940	$176.865	$185.023	$196.346
Antimony, domestic, New York	12.359	14.000	14.000	15.559
Platinum, refined	36.748	37.924	36.000	36.000
Cadmium (producers' quotation)	59.180	79.920	88.443	90.000
Aluminum, 99 plus percent	20.000	18.691	16.500	15.000

Electric Output For Week Ended Jan. 9, 1943 Shows 13.8% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 9, 1943 was approximately 3,952,587,000 kwh., compared with 3,472,579,000 kwh. in the corresponding week last year, an increase of 13.8%. The output for the week ended Jan. 2, 1943, was 14.9% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Jan. 9	Jan. 2	Dec. 26	Dec. 19
New England	2.7	4.4	0.4	1.0
Middle Atlantic	6.3	7.8	6.5	7.8
Central Industrial	11.6	11.4	10.7	10.8
West Central	13.6	12.6	10.4	10.9
Southern States	22.7	25.1	21.1	21.6
Rocky Mountain	11.4	11.0	4.3	10.1
Pacific Coast	25.0	27.4	28.1	28.6
Total United States	13.8	14.9	13.0	13.8

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,505,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,9[illegible]1,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,384	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,021
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,683

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542,000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16		3,450,468		3,012,638	1,598,201	1,736,729
Jan 23		3,440,163		2,996,155	1,588,967	1,717,315
Jan 30		3,468,193		2,994,047	1,588,853	1,728,203

Items About Banks, Trust Companies

The statement of condition of the Savings Banks Trust Co., which is wholly owned by the savings banks in New York State, shows that as of Dec. 31, 1942, total assets were $290,204,963 and aggregate deposits $249,374,267. Total deposits at the close of 1941 were $192,099,591. Capital funds as of Dec. 31, 1942, were $39,414,370, reflecting a net addition to surplus fund and undivided profits of $525,518, which compared with $1,554,523 added in 1941. The trust company acts as depositary for mutual savings banks and their instrumentalities, such as The Savings Banks Association of the State of New York, the Savings Banks Life Insurance Fund, and Institutional Securities Corporation.

At a meeting of the Board of Directors of the Corn Exchange Bank Trust Co. of New York on Jan. 6, Ford Wright, Assistant Vice-President in charge of the Grand Central Branch, was elected Vice-President; Horace P. Bromfield, Assistant Secretary associated with the business development department, was appointed Assistant Vice-President; Frank A. Sherer, manager of West 86th Street Branch, was appointed Assistant Vice-President; Louis F. Gerber, Jr., manager of Fulton Street Branch, was appointed Assistant Vice-President and Albert Francke, Jr., of the business development department, was appointed Assistant Secretary.

Charles B. Williams, Vice-President of the Pan-American Trust Co., New York City, and for 40 years Latin-American representative of the Underwood Typewriter Co., died on Jan. 7 at his home in Whitestone, Queens. Mr. Williams, who was 68 years old, had been ill for several months with a heart ailment. Mr. Williams, a native of Greenup, Ill., was honorary President of the Mexican Chamber of Commerce in the United States and Vice-Chairman of the Latin-American Committee of the New York Board of Trade.

At the regular meeting of the Board of Directors of The National City Bank of New York held on Jan. 12, Boies C. Hart, Vice-President since 1927, was given the additional title Manager Overseas Division. Mr. Hart has been connected with the National City Bank since 1916, serving in the organization's foreign service at Russia and Brazil. He was elected resident Vice-President, South American District, in 1927 and in January, 1928 set up general headquarters in Buenos Aires, Argentina. Mr. Hart returned to the bank's head office in July, 1930, in charge of South American district, and in May, 1931, was placed in charge of the Far Eastern District.

At the regular meeting of the Board of Directors of the City Bank Farmers Trust Co., New York City, held on Jan. 12, George C. Barclay was appointed Vice-President, and David C. Powers and John E. Hurley were appointed Assistant Trust Officers.

Ralph W. Crum, President of the United States Trust Co., Newark, N. J., announced on Jan. 5 the promotion of Robert D. Milligan to Vice-President and of Henry R. Carpenter and Earl G. Rumpf to Assistant Treasurers. Mr. Milligan was formerly Assistant Vice-President and Messrs. Carpenter and Rumpf were branch managers.

In its condition statement as at the close of business Dec. 31, 1942, the Mellon National Bank, Pittsburgh, shows total resources of $512,765,591 and total deposits of $459,237,958, comparing, respectively, with $471,077,409 and $419,870,186 on Dec. 31, 1941. The principal items comprising the resources in the latest statement are: United States obligations, $294,219,394 (compared with $223,606,454); cash and due from banks, $165,291,391 (against $195,400,762); and loans and discounts, $39,484,738 (compared with $37,656,747). The bank's capital and surplus remain unchanged at $7,500,000 and $30,000,000, respectively, but undivided profits have increased to $4,941,623 from $2,701,694 at the end of 1941.

The Fifth Third Union Trust Co., Cincinnati, Ohio, in its condition statement as of Dec. 31, 1942, reports total deposits of $179,810,898 and total assets of $191,731,795, as against $149,362,822 and $161,799,735, respectively, on Dec. 31, 1941. The chief items comprising the resources in the current statement are: Cash and due from banks, $63,961,493 (against $50,107,435); United States bonds, $62,997,285 (compared with $39,130,758); loans and discounts, $48,706,274 (against $52,972,383), and other bonds and securities, $10,021,026 (compared with $12,757,660). Capital stock is unchanged from a year ago at $5,000,000 but capital debentures have declined to $900,000 from $1,200,000 at the end of 1941. The bank's surplus has been increased to $4,200,000 from $3,800,000 and undivided profits have risen to $1,179,782 from $1,033,918 on Dec. 31, 1941.

The Continental Illinois National Bank and Trust Co., of Chicago, reports in its statement of condition as of Dec. 31, 1942, total resources of $2,197,459,455 (as against $1,754,784,862 on Dec. 31, 1941), of which the principal items are: Cash and due from banks $549,633,356 (compared with $656,448,463 a year ago); United States government obligations, direct and fully guaranteed, $1,295,006,645 (against $724,258,159), and loans and discounts, $269,693,310 (compared with $284,763,261). In the Dec. 31, 1942, statement, deposits are shown as $2,052,097,478, an increase of $435,667,366 over a year ago. The bank's common stock and surplus remain unchanged at $50,000,000 each, but undivided profits have increased to $20,983,406 from $14,394,693 on Dec. 31, 1941.

At the annual meeting of stockholders on Jan. 8, Walter J. Cummings, President of the Continental Bank, said that there was little likelihood that the directors would in the immediate future increase the annual dividend rate from the present $4 per share. The usual semi-annual dividend of $2 per share was declared, maintaining the rate which has been in effect since the beginning of 1940. Mr. Cummings said that the directors decided it was the wisest policy to build up the surplus account, retaining a substantial portion of the bank's earnings. He further reported that 1942 net earnings from operations were higher by $2,874,000 than in 1941, even though the bank had practically no profits from the sale of securities.

The Harris Trust and Savings Bank, Chicago, in its statement of condition as of Dec. 31, 1942, reports total deposits of $386,924,649 and total assets of $413,586,001, comparing, respectively, with $321,526,593 and $347,310,737 on Dec. 31, 1941. The chief items comprising the resources in the current statement are: Cash on hand and due from banks, $104,137,227 (against $111,638,858 a year ago); loans and discounts, $80,067,135 (compared with $94,170,820); United States Government securities, $148,538,161 (against $51,395,360); State and municipal securities, $37,401,109 (compared with $44,313,424), and other bonds and securities, $41,681,740 (against $44,009,185). During the year the bank's capital and surplus remained unchanged at $6,000,000 and $9,000,000, respectively, while undivided profits increased to $4,472,368 from $3,803,157 on Dec. 31, 1941.

United States National Bank of Portland, Oregon, in its statement of Dec. 31, 1942, to the Comptroller of Currency records an all time high in deposits of $294,702,267, a gain of $98,519,631 since its statement for the same period in 1941. Resources are listed as $307,742,190, a gain of $99,190,178. During the year the capital structure underwent a change, with one million dollars being added to the surplus account, making capital and surplus $10,000,000, which, together with undivided profits and reserves of $2,392,483, makes a total capital structure of $12,392,483.

Federal Reserve Bank Announces Appointees

The Board of Governors of the Federal Reserve System on Jan 2 announced the following designations and appointments at the Federal Reserve Banks and Branches shown below:

Chairman and Federal Reserve Agents For Year 1943

Boston, A. M. Creighton of Boston; New York, Beardsley Ruml of New York City; Philadelphia, Thomas B. McCabe of Swarthmore, Penn.; Cleveland, George C. Brainard of Youngstown, Ohio; Richmond, Robert Lassiter of Charlotte, N. C.; Atlanta, Frank H. Neely of Atlanta; Chicago, Simeon E. Leland of Chicago; St. Louis, Wm. T. Nardin of St. Louis; Minneapolis, W. C. Coffey of Minneapolis; Kansas City, R. B. Caldwell of Kansas City; Dallas, Jay Taylor of Amarillo, Tex.; San Francisco, Henry F. Grady of San Francisco.

Deputy Chairman For Year 1943

Boston, Henry S. Dennison of Framingham Centre, Mass.; Philadelphia, Warren F. Whittier of Douglasville, Penn.; Cleveland, R. E. Klages of Columbus, Ohio; Richmond, W. G. Wysor of Richmond; Atlanta, J. F. Porter of Williamsport, Tenn.; Chicago, W. W. Waymack of Des Moines, Iowa; St. Louis, Oscar G. Johnston of Scott, Miss.; Minneapolis, Roger B. Shepard of Newport, Minn.; Kansas City, Robert L. Mehornay of Kansas City; Dallas, J. B. Cozzo of Dallas, Tex.; San Francisco, St. George Holden of San Francisco.

Messrs. Dennison, McCabe, Klages, Wysor, Porter, Waymack, Nardin, Coffey and Taylor were also appointed by the Board as Class C Directors of their respective Reserve Banks for three-year terms, beginning Jan. 1, 1943. For New York, William I. Myers, Ithaca, N. Y., was made the Class C Director and for San Francisco, Harry R. Wellman of Berkeley, Calif., was named.

Branch Directors

(Appointed for three year terms: except at the Branches of the Federal Reserve Banks of Cleveland, Minneapolis and San Francisco where the appointments are for two-year terms; beginning Jan. 1, 1943).

New York, Buffalo, Gilbert A. Prole of Batavia, N. Y.; Cleveland, Cincinnati, Frank A. Brown of Chillicothe, Ohio; Richmond, Baltimore, Jos. D. Baker, Jr., of Monkton, Md.; Charlotte, D. W. Watkins of Clemson, S. C.; Atlanta, Birmingham, Howard Gray of New Market, Ala.; Nashville, W. E. McEwen of Williamsport, Tenn.; Chicago, Detroit, H. L. Pierson of Detroit, Mich.; St. Louis, Little Rock, R. E. Short of Brinkley, Ark.; Louisville, G. O. Boomer of Louisville, Ky.; Memphis, J. P. Norfleet of Memphis, Tenn.; Minneapolis, Helena, R. B. Richardson of Helena, Mont.; Kansas City, Oklahoma City—Lloyd Noble of Ardmore, Okla.; Dallas, El Paso, R. E. Sherman of El Paso, Tex.; Houston, *J. S. Abercrombie of Houston, Tex.; San Francisco, Los Angeles, *C. E. Myers, Covina, Calif.; Portland, William H. Steen of Milton, Ore.; Salt Lake City, R. C. Rich of Burley, Idaho; Seattle, Fred Nelsen of Seattle, Wash.

*All positions not preceded by an asterisk were filled by reappointment of the present incumbents.

Stabilization Pact With China Extended

Secretary of the Treasury Morgenthau announced on Dec. 31 that the stabilization arrangement of July 14, 1937, under which the Central Bank of China has been enabled to obtain up to $50,000,000 in United States dollar exchange has been extended for a period of six months beyond Dec. 31, 1942. The Treasury Department's advices further said:

"The Secretary also announced that the Government of China had completely liquidated all obligations which it had incurred in the past under the 1937 arrangement. China's favorable record under this arrangement, the Secretary declared, was another example of China's creditable dealings with the United States.

"This arrangement was extended at the request of the Government of China. The Treasury, in accordance with its traditional policy of giving full financial cooperation to the Chinese Government, was pleased to agree to this request, the Secretary said."

A similar extension last year was noted in these columns Jan. 1, 1942, page 15. The terms of the 1937 agreement were given in our issue of July 17, 1937, page 360.

GENERAL CONTENTS

(Continued from first page)

Suspend Milk Subsidy; Increase Price Ceiling

The Department of Agriculture on Dec. 31 suspended the subsidy program for milk producers in the New York, Chicago and Duluth-Superior milksheds.

The subsidy had been in effect in New York since October and its purpose was to stimulate greater production of fluid milk by higher prices to the farmer while keeping the price paid by consumers at its old level.

Suspension of the subsidy payment necessitated an increase in the Office of Price Administration's ceiling for milk. The OPA on Jan. 1 authorized price advances to begin Jan. 4 and to remain in effect to April 1. In the meantime, Secretary of Agriculture Wickard was ordered by Economic Stabilization Director Byrnes to work out a program of economies in milk distribution and handling with a view to cancelling the price increase.

In explaining the suspension of subsidies, Mr. Byrnes said:

"These temporary price increases were resorted to because of the time that will be required to effect the necessary economies in milk distribution and handling. The situation that confronted the OPA and the Department of Agriculture was that the rise in prices to farmers that had taken place since March necessitated one of three actions: (1) an increase in retail milk prices or (2) the payment of a subsidy to keep retail milk prices from rising or (3) the effecting of economies to offset the need for a price increase.

"Payment of subsidies was begun in September because of the importance of preventing an increase in so vital an item of the cost of living, but it was found that it would be administratively impossible to extend the subsidy to all the areas that would be affected. It would then have developed that while subsidies were being paid in a few areas, in many more sections of the country prices would have had to be raised. This, it was felt, would have been discriminatory. Therefore it was decided to remove the existing subsidies in three areas and raise prices temporarily until the program of economies could be worked out."

The milk subsidy program in New York was mentioned in these columns Dec. 17, page 2169.

Regarding the increased prices in New York, the "Herald Tribune" of Jan. 5 said:

"As authorized by the OPA, distributors yesterday raised wholesale prices to retailers generally from 11 to 12½ cents a quart for bottled milk, from 12 to 13½ cents for containers and raised prices a cent a quart on special milks and milk delivered to hotels and restaurants. Most retailers, advancing prices one to two cents a quart, were charging 14 cents for bottled milk and 15 cents for containers—the new retail price ceilings."

California Business Up

California business activity during November continued to increase, bringing the bank's index to a preliminary level of 219.2% of the 1935-39 average, as compared with a revised October level of 214.0, and with 180.5 for November, 1941, according to "The Business Outlook" published by Wells Fargo Bank & Union Trust Co. of San Francisco.

Cotton Exchange Members

Albert C. Hugo of the firm of A. M. Kidder & Co. and Joseph P. Henican, Jr. of Merrill Lynch, Pierce, Fenner & Beane were elected to membership on the New York Cotton Exchange, it was announced by Robert J. Murray, President.